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SMITHSONIAN YEAR • 1983

*Statement by the Secretary*

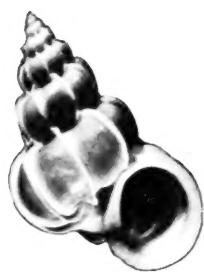
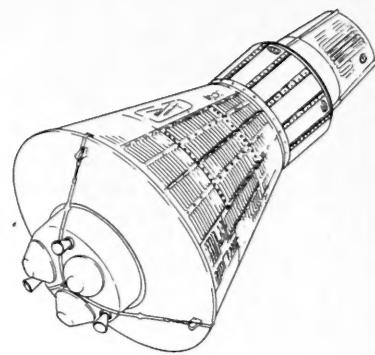




*Smithsonian Year • 1983*

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THE SMITHSONIAN INSTITUTION



SMITHSONIAN YEAR • 1983

# *Relics of the True Cross*

STATEMENT BY THE SECRETARY

S. DILLON RIPLEY

*The Smithsonian Institution • 1984*





## *The Smithsonian Institution*

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The Smithsonian Institution was created by act of Congress in 1846 in accordance with the terms of the will of James Smithson of England, who in 1826 bequeathed his property to the United States of America "to found at Washington, under the name of the Smithsonian Institution, an establishment for the increase and diffusion of knowledge among men." After receiving the property and accepting the trust, Congress incorporated the Institution in an "establishment," whose statutory members are the President, the Vice-President, the Chief Justice, and the heads of the executive departments, and vested responsibility for administering the trust in the Smithsonian Board of Regents.

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*George H. W. Bush, Vice-President of the United States*

*Warren E. Burger, Chief Justice of the United States*

*George P. Shultz, Secretary of State*

*Donald Regan, Secretary of the Treasury*

*Casper W. Weinberger, Secretary of Defense*

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*Terrel H. Bell, Secretary of Education*

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*Elizabeth H. Dole, Secretary of Transportation*

*Donald P. Hodel, Secretary of Energy*

*Board of Regents and Secretary • September 30, 1983*

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*Smithsonian Year • 1983*

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THE SMITHSONIAN INSTITUTION



This recently acquired wooden figure of a woman and child from Kongo (Yombe), Zaire, was featured in the first of a series of exhibitions highlighting objects from the collections of the National Museum of African Art. The 10 $\frac{1}{4}$ -inch carving of the late nineteenth or early twentieth century is one of six known Yombe figures of that style—and the only one in a public museum collection in the United States.

## *Relics of the True Cross*

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S. DILLON RIPLEY

THE PROBLEMS OF museum philosophy seem to center around the subject of objects. As I have discussed in the past, it is my conviction as a teacher over the years that there is "truth in objects." Even after years, museums have a long way to go to establish this essential and undeniable fact. Throughout the past generations, there has been a curious dichotomy in the view held by scholars in the history of art on the one hand, and in biology, geology, and the natural sciences on the other. In the history of art, there is a tendency to read about objects. There will be photographs of objects in publications, of course, taken at face value. It is not always necessary to handle the objects or to have them inspected, felt, touched, or treated in such a way as to involve physical contact.

In the natural sciences, the tendency has been for the research worker to go directly to the object, to handle it, feel it, measure it, deal with it on a strongly tactile basis whether it be animate or inanimate, alive or dead, fossilized or impermeable rock. This dichotomy reaches into a whole realm of thinking about objects, I believe. It is evidenced occasionally in the presentation of objects as between art and the natural sciences. Art objects, especially physical objects such as examples of smaller sculpture in porcelain, stone, wood, or precious metals or gems, tend to be placed in an exhibit case or vitrine, a casket or monstrance on their own, essentially inviolate, as it were, as if it were necessary only to look at them and take heed of their substance from afar. Physical science objects may be exhibited in cases, but there is usually a fairly elaborate explanation of why they are there, ranging from a label describing their characteristics to a diorama in which they are set

against a representation of their own environment. There is much more of an effort to describe and explain objects in the physical sciences than there is with art objects. Art speaks for itself and the tradition has been that this is a closed communion between the viewer and the object without the necessity perhaps of contact or explanation.

Something of the problem of divining truth from objects comes from these differences of approach. If an art object speaks for itself and has an ascription to the person who created it, that may be sufficient. It is then readily understandable that the art object represents a period, a time, or a phase in the thought, development, and history of the particular person who created it. It is not essentially necessary to touch it or to glean more information from it except for conservation purposes, or in the relatively undeveloped field of archaeometry, or for ascription in case it is suspected of being a fake. The latter rarely happens with natural objects, although, of course, conservation and material examinations, including anatomical and specific analyses, may often take place with specimens destined for further authentication. Occasionally a fake is discovered in this process. Although this may occur in the analysis of gems, it can even happen with other assumed natural objects, as I have noted in my own experience. Famous examples in the past have been the attempts to create new types of species out of natural objects such as the Piltdown skull, several kinds of new insects (which were proved to be assemblages of alien parts), and even a similar attempt to create a "humbug" in the form of a type of bird of which I know at least two examples in museum collections.

The plain fact remains, however, that the lack of emphasis or weight on the pure intellectual knowledge of the truth of things from examining objects has never been sufficiently appreciated or understood in the broad perspective of education. Time out of mind, human beings have shown that they have inherent aptitudes and skills for reading objects through tactile methods rather than visual. Whether because they are blind, dyslexic, or because they are artists in different media, certain individuals learn far more from handling objects than just from looking at them or reading about them. If, then, there is an inherited tendency for humans to understand objects not only by the more traditional means of

reading or looking, but also by being in contact with them, I would assume that this aspect of cognition should and could be appreciated by educators and should be included as part of the curriculum.

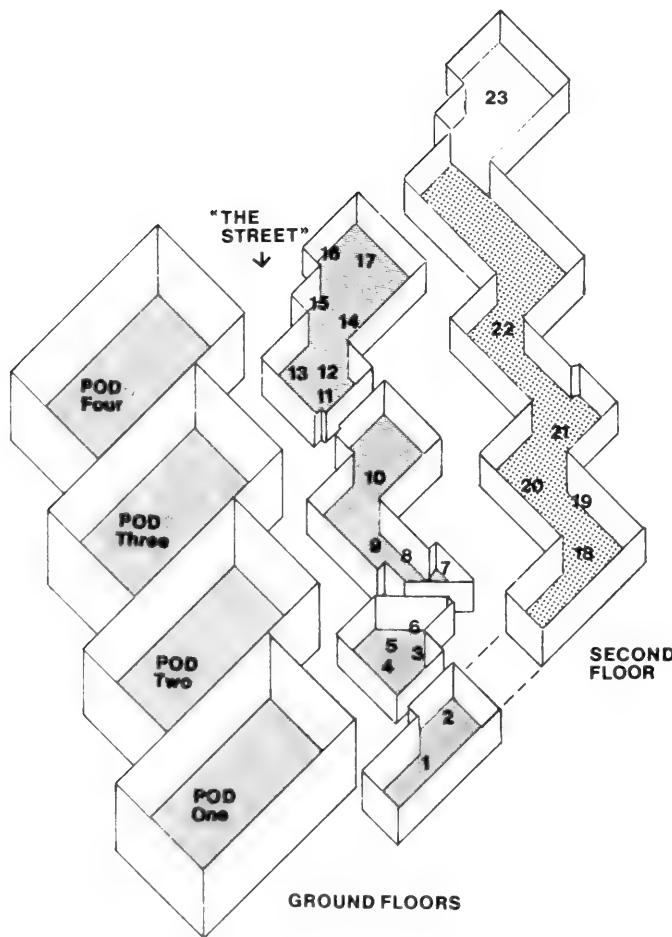
Traditionally, it has been done in the case of conservators, who often receive training through a form of teacher-apprentice relationship. But so much of education today is purely by rote, en masse, and done in order to get through certain requirements and achieve graduation from the course or the college, that there is still an implicit lack of understanding of such alternate skills except in medicine. Thus, the specialty of museums as object collectors continues to condemn these institutions to reside outside of the educational mainstream. Until proper recognition of their special role is given, I believe education will suffer. It is perhaps a symptom of today's malaise in education that even after partial recognition of the value of museums as experiences in learning has been achieved, no formal agreements with the education profession have been ordained. Most museum teaching is still not officially recognized.

Far be it from me to argue the merits or demerits of such recognition in itself. If education is inefficient and failing today, then surely the mere process of recognition would not solve anything. If people cannot learn by experience, then, of course, further hammering home of truths will hardly suffice. But I feel strongly that there is a key here to increased learning ability if educators can only grasp it and attempt to unlock the system. I suspect that far more people are capable of learning through contact with objects than we ever imagine. There might well be an overall improvement in education processes if more of this type of learning were done on a broader scale. After all, the Montessori kindergarten and hands-on training systems have given us a clue as to the synthesis of skills as between hand and eye. Museums and museum experiences should have helped to enhance and reinforce that principle. Education today should not cease to encourage every possible enhancement of the processes of learning in order to improve itself. Let us hope that such recognition will come to pass in the immediate future.

Perhaps the greatest achievement of this year for the Smithsonian has been the final opening on May 16 of the Museum Sup-







MSC floor plan

- 1 Anthropology
- 2 Botany
- 3 Mineral Sciences
- 4 Paleobiology
- 5 Entomology
- 6 Administration
- 7 Food service
- 8 Vertebrate Zoology
- 9 Invertebrate Zoology
- 10 Oceanographic Sorting Center
- 11 ADP/Registrar
- 12 Building manager
- 13 Protection Services
- 14 Shipping, receiving, fumigation
- 15 Loading dock
- 16 Plant Services
- 17 Energy plant
- 18 Anthropology
- 19 American History
- 20 Photography lab
- 21 Library
- 22 Conservation Analytical Lab
- 23 Open to below

The Smithsonian's impressive new Museum Support Center, designed to house and preserve more than six million objects in a stable and controlled environment, was dedicated on May 16, 1983. An aerial photograph of this unique, ultra-modern facility—approximately five acres under one roof—is shown on the preceding pages. On the opposite page is an interior view of the building showing a skylighted "street" area. Deceptively quiet in this photograph, taken soon after construction, the "street" will become a bustling thoroughfare, filled with scholars, conservators, and other workers going about their tasks in the Center, which is designed for all aspects of conservation as well as for storage. (Photographs by Jeffrey Tinsley and Dane Penland)

*Below:* Carolyn Rose, head conservator in the National Museum of Natural History's Anthropology Department, is shown in storage pod one with some of the anthropological treasures that will soon fill this area of the Museum Support Center. (Photograph by Dane Penland)



port Center. Many years in the planning, as all our structures seem to be, this center consists of four enormous pods, each the size of a football field and thirty feet high, with ample devices for security, humidity, air conditioning, heating, and so forth. These four pods are connected by a kind of "galleria" which joins them all and provides adjunct access to study areas, research laboratories, preparation facilities, and above all, a huge conservation training and laboratory area. The hope is obviously that appropriate recognition will be given to the fact that merely having objects is not enough.

Museums are deficient today in the resources and the advance preparation for conservation. The preservation of objects already in the possession of museums is a project almost as stupendous as the rebuilding of the public road system in the United States. The wear and tear on objects, even those maintained in museums, while often imperceptible, is unceasing. Objects are deteriorating as we look at them. The evidence collected in museums, while pathetically small in itself as far as representing the scope and sweep of past history is concerned, declines every day through largely unnoticeable deterioration. Unless an enormous, conscious effort is made to create an understanding of the priority for major conservation in at least a dozen fields, the museums of the future will find themselves veritable sepulchres, the objects preserved with such care as relics of the true cross, fading away into dust, just perhaps as many of the so-called "relics of the true cross" have already vanished from the scene, leaving behind the gilded, bejeweled monstrances or pyxes in which they were encased.

Thus, it would appear that the creation of this Museum Support Center presages a new dimension in the treatment of objects for the future. The more that can be done to encourage such sophisticated museum storage, research, and conservation the better. Our center, built with so much effort and trial and error, should be an example for the future for all museum practice. We are deeply grateful to the Office of Management and Budget and the Congress for having given us the funds to create this pace-setting structure, as well as to those of our staff, such as Frank Taylor, Robert Organ, and Paul Perrot, who have never lost sight of this vast priority. With the necessary space and skills available, we expect a special research task will be at work on the abstruse problems of *why*

certain categories of objects deteriorate as they do. There are realms in chemistry and physical analysis which are still un-plumbed. It should be our duty to undertake such research. Additionally, the field of archaeometry, now in its infancy, will deserve expanded time and effort as an enhancement of our curatorial studies.

We are earnestly hopeful that the results will prove even more successful than anticipated, and that several more of these kinds of centers will be constructed over the years ahead. Our first essay in museum support facilities of this kind is primarily for natural history objects, as it has been demonstrated over the years that the Museum of Natural History/Museum of Man, with its immense collections in the natural sciences and in anthropology, is hideously cramped as well as understaffed, and quantities of the objects have been so jammed away as to be rendered virtually inaccessible. The dangers, of course, to such collections are ir-remediable. In any case, there is hope for the future and promise for generations-to-be in understanding and comprehension of the wonders of objects made by the hand of man as well as those created in nature.

I like to think of an object, whether it be a sophisticated one from the past made by people enumerated in history, or a natural object, as something which in itself represents a fragment of "the true cross." All of the wonders of nature which surround us, and which are so imperiled today by our own plundering of the planet, deserve constant admiration and respect. It is impossible to think of natural objects as having been created solely for the pleasure of mankind or mankind's own understanding or utility. Rather, like some vast symphony with interwoven themes, the existence of natural objects in nature seems to interact the one with the other, making way over periods of time through evolutionary processes for further intricacies of intercommunication and balance. We tend to overlook or be indifferent to the powers and subtleties of nature as we withdraw more and more into our own cocoons created by technological skills. This is a sadness, for there is so much to learn by example from the harmonies of nature, so much that is benign and potentially an example for cultural and philosophic understanding.

Who is there who does not realize that the contemplation of nature unspoiled and capable of its own separate pattern of move-

ment and evolution produces a calming and renewing impression? Most of us like to escape from our beehive-like tombs in which we live and work. For a majority of humankind, technological skills and superior caskets of space in which to exhibit ourselves as in self-contained vitrines are enough, but all of us long for a less inhibiting, less conforming, and less frenetic setting. Perhaps there is no answer to this in the present overpopulated planet, but we could all wish for the possibility to commune with nature with the stillness and perfection of such creation. Meanwhile, if most of us are deprived from seeing or touching the elements which are part of nature, at least museums and other collections such as the great zoological and botanical gardens can preserve vital segments of the evidence.

The pursuit of truth as seen through objects should lead us to revere especially the traditions and the cultures which have produced those objects. Cultures mold us from the instant we are born, making us unconsciously captive within our environment, our living apparatus, and our ways. Cultures vary within communities and will continue to do so for a very long time, as we learn by lessons international or otherwise every day. Cultural homogenization tends not to take—as we should know. The mere observing of cultural variation should teach, should be sufficiently rewarding in itself, a continual object lesson. How should we react? Why should we not accept such variety as part of social diversity, as refreshing as biological diversity itself.

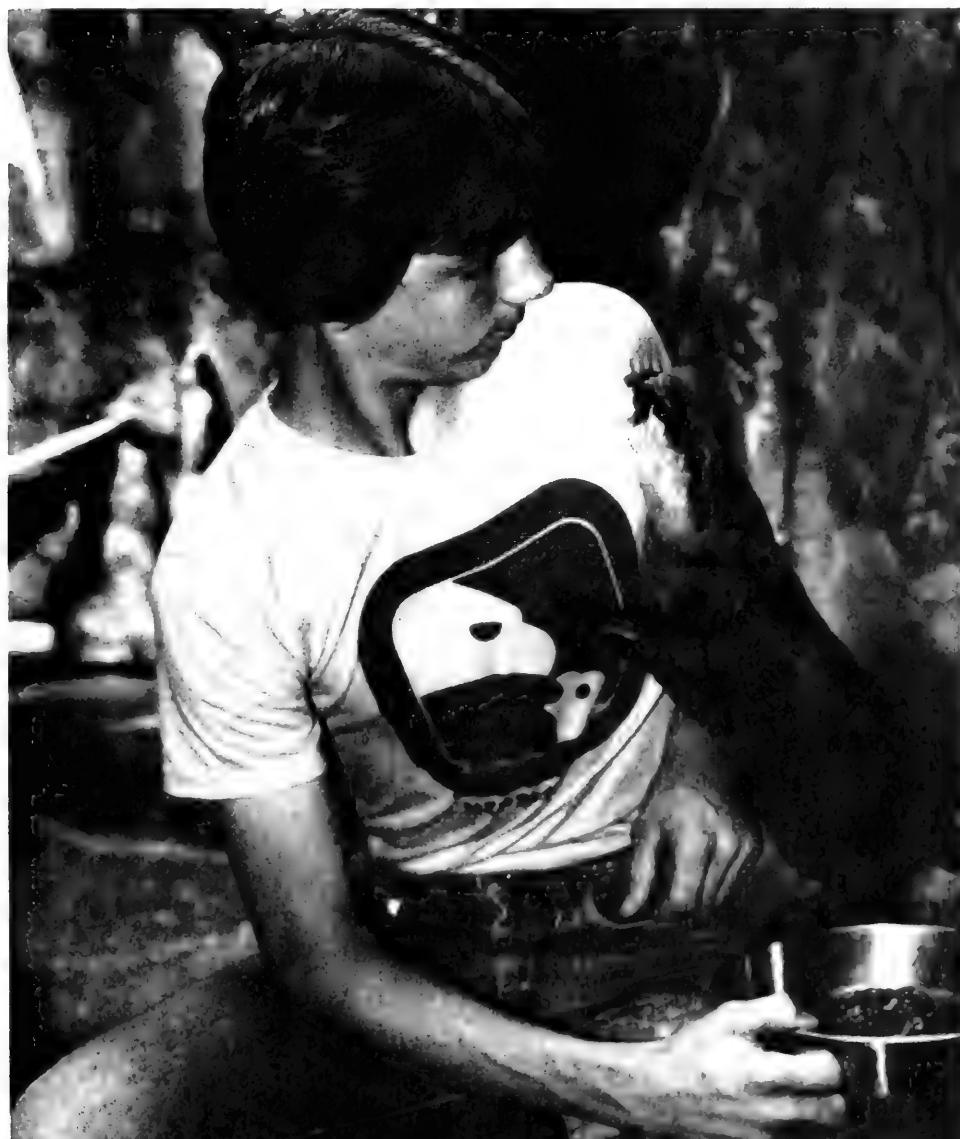
We should encourage the creation of a shield against the disappearance of present-day existing cultures, alien as some may seem to be to our Western world and to the rapid development of the postindustrial technological age.

The preservation of cultures might be an additional shield against natural catastrophe. We are in great danger within the next two generations of losing perhaps one-third of the natural species of the world, known and unknown, among whom we live, and in the process, creating an irreversible tragedy. A major concomitant of life on earth seems to imply that nature adapts through evolution to create increasingly complex states of biological diversity. Surely there is a lesson in this, for if the process is harmed or otherwise seriously affected, we cannot recreate it by any known technological means, including the marvels of genetics still to be. Having



Renowned sitar musician Imrat Khan and his sons, Nishat and Irshad (*at right*), along with Shafaat (*far left*), master of the tabla, provided Smithsonian Resident Associates with an evening of improvisations on classical Indian ragas. (Photograph by Lillian M. O'Connell)

A summer intern with the Office of Elementary and Secondary Education, Scott Graf, stationed at the National Zoo, meets a small-clawed otter face-to-face. (Photograph by Clark Meyer)



lost a measure of diversity, we may be sealing our own demise, for in this principle of diversity may lie much of the future and the promise for ourselves.

I note in traveling to far places in less-developed countries an essential harmony between people who have always lived on the land, and their surroundings, whether they be in forest or desert or scrub, and who sustain themselves through simple methods of agriculture, by which they thus live in a cooperative state with nature. I note with dismay the vast changes being wreaked upon tropical environments by modern technology. Lumbering and the destruction of forests bring advancing desiccation everywhere. The failure to grasp the principles of soil and water, the balance between agriculture and fallow land, brings on the seemingly inevitable disappearance of the forests themselves (which flourish on poor soils not capable of cultivation) and the resulting problems of erosion, laterization, and diminished rainfall. All of these problems persist in spite of warning and example. Where remedial actions have been taken they seem to exist only in bits and pieces, here and there.

The question of minimal space required for the preservation of species is one which still eludes us, for the complex web of species in nature, especially in the tropics, is still only beginning to be unraveled. What we should be cultivating in the world today is not the development of armies equipped with weapons or technological wizardry, but rather a "green army" of people dedicated to environmental understanding and conservation, before it is too late.

Much of this impetus towards conservation and environmental preservation is inexorably linked to the presence of a variety of cultures. People living in harmony with nature tend to be the same people who are concerned about preserving cultural traditions. That their children should neglect these concepts or overlook their memories could be fatal for the future. How much of all of this still seems unintelligible to administrators and governments! It would be our hope at the Smithsonian that understanding and respect for the cultural heritage of the majority of the world's peoples today could be a goal to achieve through demonstrations, exhibits, and open education. Such results could perform a service for all humanity. It remains to be seen how long it will be before

governments can understand that the preservation of varieties of cultures is part of the process of environmental balance. Technology transfer is not enough, unless it marches hand in hand with the preservation of indigenous cultures and the accompanying environmental stability. The alternative is only failure.

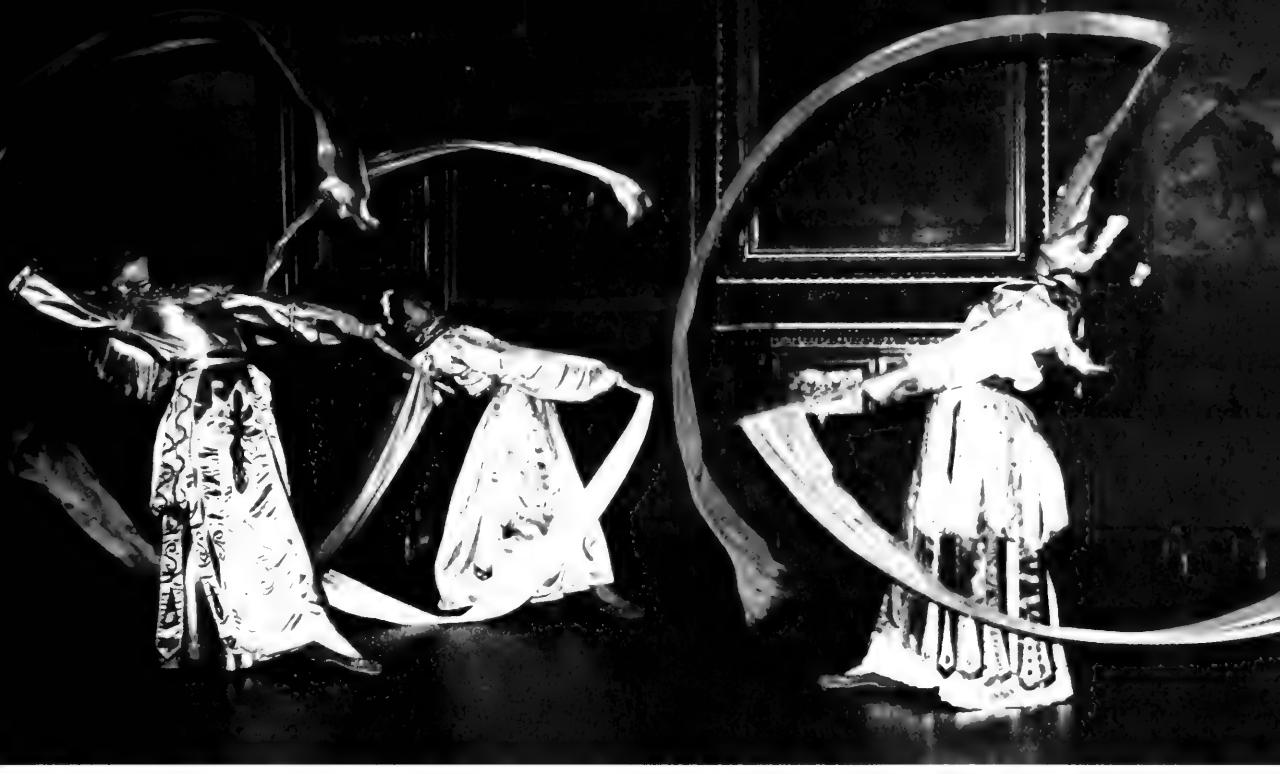
Nature as a vast organism is capable of brushing aside many of the by-products of present-day evolved civilization, such as acid rain, mercury content in water, pollution in soils, the effect of pesticides (some of which are quite doted upon by certain insects), and the deterioration of the quality of life which occurs in major urban centers. We are all acquainted with many of the overtones of these aspects of our advanced civilization. It is true, however, that in nature there are still ample means for absorbing and diminishing such effects. The ozone-layer phenomenon appears to be not nearly so significant as thought a few years back, likewise mercury in the water and other scare stories of the time. It is true also that natural phenomena, such as major terrestrial upheavals, volcanoes, earthquakes and their by-products, may well be as significant as much of environmental destruction wreaked by humans. However, we certainly are narrowing the gap. Let us hope only that our new Smithsonian Center for African, Near Eastern, and Asian Cultures can in its own way help to remind people everywhere of the lesson to be learned that conservation in both the cultural and environmental sense is perhaps the dominant world problem.

Although the main emphasis of the past year has been upon the completion and opening of the Museum Support Center, steady progress has been continuing on the creation of our new Center for African, Near Eastern, and Asian Cultures, which the Annual Report for 1982 dwelt upon at length. We described there how the Smithsonian was embarking on an expansion on an international scale of our essential motto "for the increase and diffusion of knowledge among men," and I said at that time, "For perhaps the first time in our history, we are . . . [doing this] . . . in a spirit of social responsibility as a creative effort to increase understanding and respect for our neighbors." We are doing this in a novel way, combining the spirit of museums—collections and their

exhibition and research upon them—with the spirit of creativity represented by enactments of life at all levels, from folklife through seminars among creative, intellectual, and political leaders. In a sense, the Center will represent a public arena in which an exposition of the cultures of the past will combine with revelations of the rituals and performances of the past and present alike, as well as their preservation for the future. Joseph Henry, the first Secretary, said in 1874, "It is a moral obligation that the present should acknowledge its indebtedness to the past, that it should transmit the knowledge which it has received, purified and increased, as a richer inheritance to the future."

In what better way, then, could the Smithsonian assume an obligation towards the future than by showing how we should revere human creativity in the past through the development of culture and taste in objects of all sorts, from the decorative to the utilitarian, and how we should exhibit the persistence and traditions of culture throughout the world. It seems, as I have noted above, that all traditions, especially in the less-developed countries, are disappearing in the face of the onslaughts of modern technology and expertise as rapidly as the dust devils which settle on the edge of the airport after the departure of a jet plane from some remote capital. If no reverence is assigned to that past on which the cultural and intellectual accomplishments of two-thirds of the world's populations have been developed, then how can desired progress ever be assimilated?

Support for the financing of the construction of the Center comes to us from Congress and our own notably successful efforts. A major gift of four million dollars and a collection of Asian art valued at well over fifty million dollars from Dr. Arthur Sackler was reported last year. Mrs. Enid A. Haupt has pledged support for the reconstruction of the gardens-to-be of the Center with a wonderful three-million-dollar gift. In the February issue of *Smithsonian* magazine we appealed directly to our Associates for support of the Center; the results were wonderfully heartening. To date we have received over \$1.4 million from that appeal alone, mostly in small donations. Bids for the work were opened in May 1983, and the contract eventually was awarded to the Blake Construction Company for a surprisingly low sum, well within our expectations. Even with the inevitable contingencies and the expected delays



A dazzling performance by the Rainbow Chinese Dancers was among the 160 programs attended by more than 20,000 visitors at the Renwick Gallery in conjunction with *Celebration: A World of Art and Ritual*, a major exhibition that included over 600 objects from nine Smithsonian museums.

The Office of Museum Programs developed a series of four Museum Career Days to familiarize students with the museum profession. Here, students representing thirteen countries are taken on a behind-the-scenes tour by Edward Lawson, head of the Hirshhorn Museum and Sculpture Garden's Education Department. More than seventy-five students from the D.C. Public Schools' Multicultural Career Intern Programs took part in these activities.



and other problems of equipping the building, we anticipate remaining within budget, a goal that the Institution has always set itself. If we can adhere to our construction schedule, the Center should be completed sometime in January 1986.

Our continuing concern, once we have secured all the necessary construction funds, will be support for the programs for the Center itself, endowment on the one hand for exchange fellowships with the countries of the less-developed world, and on the other hand funds for exhibitions, seminars, festivals of the spirit, communion with all the nations and all their visitors of every description, so that the Center can bloom in intellectual splendor and grace. We are already being asked to submit proposals for continuing funds for endowment and grants in aid for these purposes. In another ten years, I would hazard, that should be the most active as well as ingenious program for cultural interchange in our country.

Other major gifts during the past year have come from our National Associates Board members, particularly Gaylord Donnelley, the Vernon Taylors, Brooks and Hope McCormick, Mary Burke, the James Kempers, Mr. and Mrs. Hadley Stuart, Mr. H. J. Heinz II, Mr. and Mrs. Joe Allbritton, Mrs. Elsie Hillman, Mr. and Mrs. Justin Dart, from foundations such as the Pew Memorial Trust (especially for continuing educational programs in the Center), the Japan Foundation, and from corporate sources both here and abroad. The response from our Associates, especially their National Board, has been a tribute to their dedication and understanding. (A list of donations is published on pp. 637-57 of *Smithsonian Year 1983*.) In effect, the programs of support for the Center are just beginning. From this person's point of view, the creation of the Center and the response elicited and forthcoming have been the most heartening events at the Smithsonian in the past two years. For indeed these responses have been acts of faith.

On June 21, 1983, a date of significance, Chief Justice Burger, as Chancellor of the Smithsonian, and Vice-President Bush, a member of the Board of Regents, joined me in turning the first symbolic shovels of earth at the ground-breaking ceremony for our Center in the four-acre quadrangle area bordered by the Smithsonian's Castle, the Arts and Industries Building, Independence Avenue, and the Freer Gallery of Art. This was a fitting climax to many years of hard work, meticulous planning, and concrete ex-

pressions of support by the Congress, the previous and present Administrations, and our friends in this country and abroad. It was fitting that as part of this festive ceremony, the many diplomatic, foreign, and American guests were entertained at a reception by musicians and artists from the vast stretch of the world which will be the focus of the new center.

During the year, the Smithsonian, viewed by many as primarily a repository for the principal relics of American culture, demonstrated its links with the world beyond our shores in a dramatic series of other ways.

Thus, our interest in Japanese art and culture was highlighted by two exhibitions which opened in February: *Japanese Ceramics from Past to Present* at the Freer Gallery of Art and *Japanese Ceramics Today: Masterworks from the Kikuchi Collection* at the Thomas M. Evans Gallery in the National Museum of Natural History/Museum of Man. The brilliant modern works displayed at the latter museum presented contemporary interpretations of the ancient traditions exemplified by pieces on view at the Freer.

The Evans Gallery, named for a longtime friend of the Institution, was also the location for a major exhibition organized by Islam Centennial 1400, *The Heritage of Islam*, celebrating the richness and diversity of the Islamic civilization over the centuries.

A particularly instructive exhibition, *The Silk Route and the Diamond Path*, organized in Los Angeles by the Frederick S. Wight Art Gallery, UCLA, came to the Evans Gallery in May 1983. It delineated the connection between commerce and art. The ancient trade routes across the desiccated plateau of central Asia acted as a conduit for religion, cultural and population diffusion, and as a testament to the inevitability of the evidence that traders in the face of all dangers can persist in spreading their culture, their gospels, and their genes along with their goods. Thus it has been apparently throughout human history.

An exhibition at the National Museum of African Art presented ceramic art styles and traditions of twenty-eight cultures from nineteen African nations. The exhibition included pottery, figurative sculpture, and a variety of functional objects. The oldest examples were terra-cotta animal figures found in southwestern Chad and dated between the nineteenth and eighteenth centuries. The museum also offered *African Emblems of Status*, a fascinating dis-

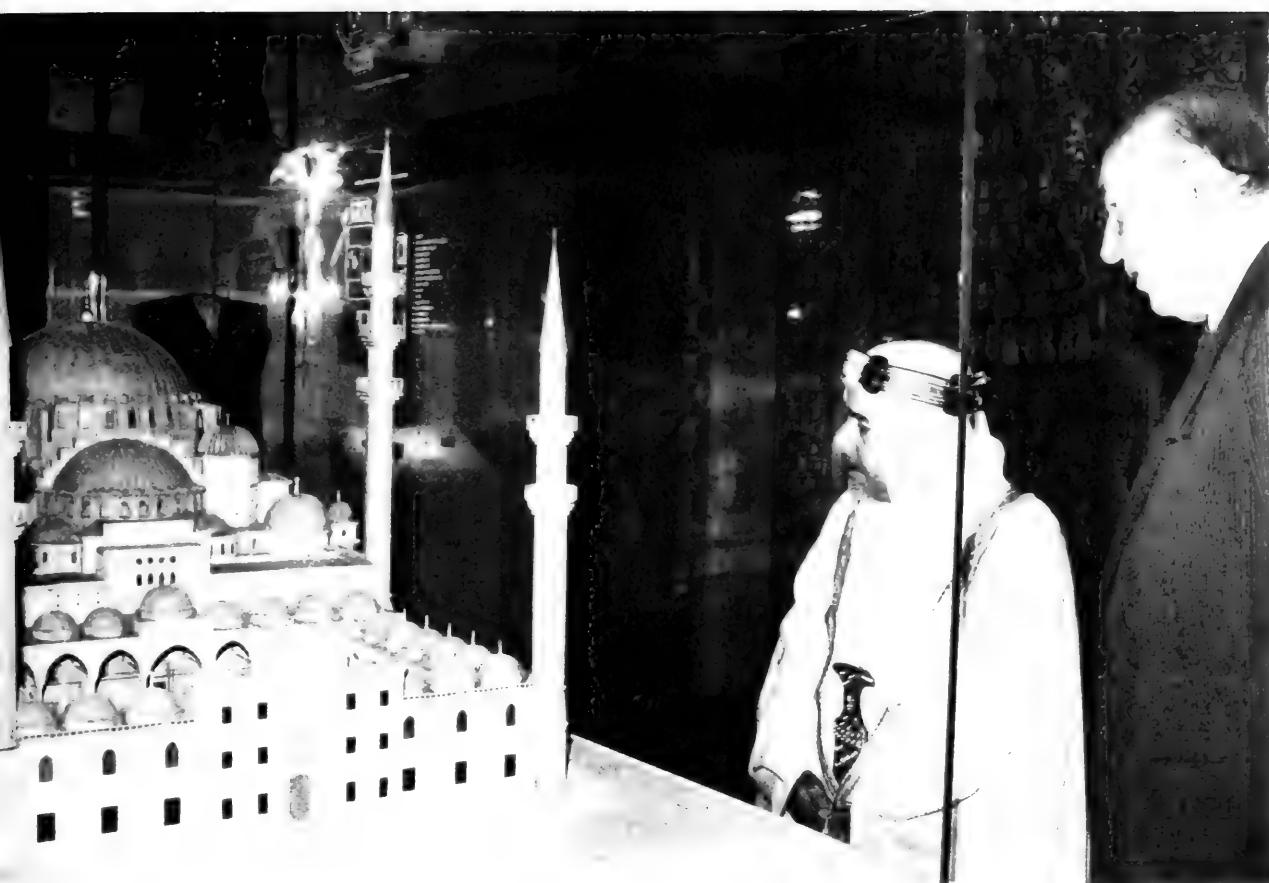
play of interest to students of culture as well as to art lovers. The exhibition, including objects representing some forty cultures in fourteen African nations, explored the variety of forms, materials, and art objects created by Africans to identify, honor, and celebrate individuals of status and achievement. A third exhibition at this imaginative museum focused on the use and significance of color in the arts of thirty-nine African cultures.

The Renwick Gallery continued its series of exhibitions and demonstrations, started in 1982, encompassed under the title *Celebration: A World of Art and Ritual*. The events, which sought to show how different peoples celebrate important events and cycles in their societies, included a St. Patrick's Day live celebration of Irish music and dance.

A touch of Scandinavia came to the Renwick by way of the Cooper-Hewitt Museum, the Institution's National Museum of decorative arts and design in New York City. *Scandinavian Modern: 1880-1980*, a landmark exhibition documenting a remarkable century of creative design in Denmark, Finland, Iceland, Norway, and Sweden, was organized by the Cooper-Hewitt as part of a multi-faceted program called Scandinavia Today and opened at the museum in New York in September 1982. The traveling exhibition arrived at the Renwick on July 8, 1983, and was greeted with critical praise, echoing the plaudits it received in New York.

There was, of course, much emphasis on living American culture and cultural heritage. Last spring the Hirshhorn Museum and Sculpture Garden mounted *Directions 1983*, an exhibition of nearly forty paintings, sculpture, constructed environments, and large-scale drawings by seventeen contemporary artists, together with a program of six films by independent filmmakers. The exhibition, the third in a series initiated by the museum in 1979 to provide a showcase for contemporary art, was organized around four themes: Directional Melodrama, Expressionisms, From the Model, and Real Space Illusion.

The varied cultural traditions of the state of New Jersey and the nation of France charmed and surprised visitors to the seventeenth annual Festival of American Folklife, held on the Mall the last week in June and over the July 4th weekend. From New Jersey came representatives of many ethnic groups and of industries ranging from vegetable farming and oyster harvesting to manufactur-



Secretary RIPLEY and the Amir of Bahrain, Sheik Isa bin Salman Al Khalifa, look at a model of the Mosque of Sulayman the Magnificent at the *Heritage of Islam* exhibition at the National Museum of Natural History. (Photograph by Dane Pendland.) *Below:* Mr. and Mrs. RIPLEY (at left) meet with the Amir during a visit to Bahrain. At right is Bahrain's Minister of Information, Tariq Al Moayyed. Mr. RIPLEY discussed the Smithsonian's Center for African, Near Eastern, and Asian Cultures with leaders of Persian Gulf nations.



ing of computer parts. Approximately twenty-five participants came from France to share aspects of French regional traditions, music, food, and crafts. French-Americans also participated in the colorful festival. Thus, festival visitors could compare Old World traditions with the New World counterparts, influenced and changed by circumstances in this country.

*Americans in Brittany and Normandy: 1860–1910* opened at the National Museum of American Art with 118 paintings focusing on the art colonies at Pont Aven in Brittany and Giverny in Normandy, villages which attracted many leading American artists during the late nineteenth and early twentieth centuries.

On May 24 the National Portrait Gallery placed on view the Gilbert Stuart “Edgehill” portrait of Thomas Jefferson, which had been purchased jointly in 1982 by the gallery and the Thomas Jefferson Memorial Foundation, owners of Monticello, where the portrait will be exhibited alternately in three-year cycles.

Other faces from the past were revealed in a mid-winter Portrait Gallery exhibition which was highly praised by critics and public alike. *Hollywood Portrait Photographers* showcased the mysterious, glamorous, perfected images of screen legends created by skilled photographers during the star-studded decades from 1925 to 1945.

The gallery revealed a very different world in October when it unveiled *Charles Willson Peale and His World*, the first exhibition in this century completely devoted to the creative, inventive, and curious personality who was one of late-eighteenth-century America’s most accomplished artists, passionate patriots, and pioneering natural scientists.

Smithsonian research in broad areas of science continued to flourish to the potential benefit of man and the creatures who share the globe with the human species. One striking example is the work of scientists from the National Museum of Natural History in exploring a heretofore inaccessible and virtually unstudied world, the unseen levels of the tropical forest canopy which rises 100 to 120 feet above the jungle floor. Thanks to revolutionary collecting methods developed by Smithsonian staff, our scientists are learning that the tropical forest canopy is populated by an incredible diversity of insect species—far more than anyone had ever guessed. Dr. Terry Erwin, who heads this research project in Peru,

estimates that there could be as many as 30 million species worldwide, not 1.5 million as usually estimated. These pioneering studies have far-reaching implications in a whole range of biological fields, from helping to explain the unparalleled biological richness of the Amazon basin to applications in forestry, agriculture, and medicine.

There is also great progress in the related work of the Smithsonian Tropical Research Institute in Panama. During the year the Institute received a \$1,029,000 grant from the Alton Jones Foundation to carry out a series of innovative research projects aimed at developing or improving agricultural methods that will allay destruction of tropical forests. The five-year multidisciplinary project is aimed at eventually providing methods to supply sufficient food for human populations without damaging the tropical forests. It will include exploring possibilities of new crop species in forest areas, maximizing the reproductive yield of pacas (a native animal) in captivity, managing the green iguana in the wild and the aquaculture of local fish species, and developing systems of exploiting as food sources the native animals that are not endangered.

In May 1983 the National Air and Space Museum published *Black Wings: The American Black in Aviation*, a pictorial history of the courageous men and women who overcame tremendous odds—financial, political, and social—to pursue their dreams of flight. Most of the photographs had never before been published. The book, which contains a selective bibliography and research guide, grew out of research for the exhibition of the same name which is on view in the museum's Pioneers of Flight Gallery and a related symposium on black flyers of World War II, "The American Black in Aviation: A Decade of Change," held in February 1983.

In a development designed to increase the efficiency of our science establishment, two bureaux were merged on July 1, 1983, into a single one, the Smithsonian Environmental Research Center, which will focus on the environment from both the molecular and whole-organisms point of view. The consolidated center results from the merging of the Radiation Biology Laboratory, located in Rockville, Maryland, and the Chesapeake Bay Center for Environmental Studies, located in Edgewater, Maryland, near Annapolis. It is directed by Dr. William H. Klein, former director of RBL.

In the meantime, research activities continued both in Rockville

and Edgewater. At the Chesapeake Bay facility, David L. Correll, a biochemist, has been studying the phenomenon called acid rain for nearly ten years. Correll is among the few scientists who have made direct, long-term measurements of rainfall pH. His studies show that, in the last eight years, the mean annual acidity of bulk rainfall at his monitoring station in Edgewater has increased nearly five-fold.

There was sadness and yet hope at the Smithsonian's National Zoological Park. For the first time, Ling Ling, the National Zoo's beloved female panda, gave birth to a cub on July 21, but the baby died some three hours after the birth. Nonetheless, zoo scientists pointed out to reporters at a crowded news conference that Ling Ling at long last had succeeded in becoming pregnant and in giving birth. They noted, as well, that the giant panda had treated her baby son with proper, caring maternal attention and that it is not unusual for first-time mothers in the animal kingdom to lose their offspring. "We're hopeful," acting NZP director Dr. Christen Wemmer said, "that next year a cub will survive."

One of the most intriguing events of this eventful year in the Institution's life came when production began on a major television series, "Smithsonian World." This seven-part series of one-hour programs, coproduced by the Smithsonian with WETA-TV, the Washington public television station, was made possible by a generous grant from the McDonnell Foundation of St. Louis. The programs will explore a variety of major concepts—light, for example—in a variety of ways. We are fortunate in having been able to secure the services of writer/historian David McCullough, author of *The Great Bridge* and *The Path Between the Seas*, as host of the series, and of the distinguished television producer Martin Carr as executive producer.

In a significant development, phase one of our massive inventory project has been completed. This has been a major accomplishment indeed. The inventory has taken five years, cost \$8,000,000, and has been the first thorough tabulation of the Smithsonian's collections since the founding of the Institution 137 years ago. Completed precisely on time, the "great counting," as it has been called, showed that the Smithsonian holdings now include some 100 million artifacts and specimens, millions more than our highest preceding estimate. The staff has now begun the second or "reconciliation" phase of the inventory, matching preexisting records



Ling-Ling, the National Zoo's female giant panda, with her cub, born July 23, 1983. Unfortunately, the cub, a male, died not long after its birth.

At the ribbon-cutting ceremony opening the new library of the Smithsonian Tropical Research Institute on April 7, 1983, were (left to right) Dr. David Challinor, Smithsonian Assistant Secretary for Science; His Excellency Juan José Amado III, Minister of Foreign Affairs, Republic of Panama; His Excellency Dr. Gaspar García de Paredes (cutting the ribbon), Minister of Health, Republic of Panama; and Dr. Ira Rubinoff, director of the Institute.



against the new inventory findings and searching out either records or objects that appear to be missing or out of place.

Smithsonian Press continues to produce a variety of creative and informative publications. Among the works published in 1983 is *The Muses Flee Hitler*, an examination of the mass exodus of intellectuals from Europe during the Nazi regime. The volume includes twenty contributions by participants in the 1980 colloquium of the same name, organized by the Institution's Office of Symposia and Seminars in honor of the centennial of the birth of Albert Einstein, perhaps the most famous such refugee.

Another Smithsonian publication focuses on a much broader span of history—and prehistory. *Thread of Life: The Smithsonian Looks at Evolution*, published in 1982, the centenary year of Charles Darwin's death, delves into evolutionary biology to reveal not only the story of life on Earth but also the history of evolution as a fundamental scientific idea.

The twenty-fifth anniversary of the space age was marked in 1983 by the Smithsonian Astrophysical Observatory and the National Air and Space Museum, both of which are involved in research into space exploration and its documentation. SAO successfully completed a balloon flight of a far-infrared spectrometer and telescope for spectral analysis of the molecular constituents of the Earth's atmosphere.

Four new Regents' Fellows were named in May 1983: Sir David R. Bates, professor of theoretical physics, Department of Applied Mathematics and Theoretical Physics, Queen's University of Belfast, Northern Ireland; Dr. J. B. Burch, professor of biological science and curator of mollusks, University of Michigan; Dr. Thomas A. Sebeok, distinguished professor of linguistics and semiotics and professor of anthropology, Indiana University; and Dr. Ernest E. Williams, Alexander Agassiz professor of zoology at Harvard University. The Regents' Fellowships were established in 1980 to encourage outstanding scholars and research scientists to participate in the research, curatorial, and educational programs of the Smithsonian. Through the fellows' publications, the program contributes to the Institution's traditional objective of the "increase and diffusion of knowledge."

This year we awarded the first of the James E. Webb Fellowships, established in 1982 in honor of Mr. Webb on his retirement

from the Smithsonian Board of Regents. The fellowships are offered for the promotion of excellence in the management of cultural and scientific not-for-profit institutions, and three of the four recipients are Smithsonian employees.

In the nearly twenty years since I initiated the Institution's domestic and foreign fellowship programs under Charles Blitzer and William Warner, the Smithsonian has become an academic crossroads, a major national force, counting some fourteen fellowship programs and internships including those stimulated by the dynamic Woodrow Wilson International Center for Scholars and the Kennan Institute.

Crucial to much of this work in the international field have been the foreign currency accounts granted to us each year by the Congress from holdings held in U.S. Treasury agreements. Now, following the closing of the Egyptian account comes word of the imminent reduction of the Indian rupee account, and its final termination in fiscal year 1985. The opening of new realms of international understanding in Asia, the Middle East, and Africa, presaged by the development of our Center for African, Near Eastern, and Asian Cultures, which I have described in these pages, can be crippled drastically unless the novel and imaginative years of international exchange organized by our Institution are recognized for what they represent, new avenues of understanding between peoples. Let the Administrations of the future and the Congress ponder these pioneering efforts and reflect on how much the Smithsonian has accomplished in human terms at how small a cost. These programs are a model for the future and we hope to commission a volume report for their twentieth anniversary.

In 1853 an article in *The Ohio Cultivator* (vol. 9, p. 250) described the Smithsonian Institution, "endowed with a princely munificence" (a popular myth for the struggling young organization), as an intellectual humbug. The Institution was characterized as "*Lying in State*," insensate, paralyzed, "a political hospital for the hungry pensioners of government." If such a calumny could be visited upon us in 1853 (and if the statement was even noticed, I feel sure it would have been vigorously rebutted by Professor Joseph Henry), let me say at once that I believe the value of our unique and noble Institution has been shown in many ways. One of the more obvious ones is that the preservation of collections,

of objects, is a salient road to the truth, demonstrating many new facets of experience and human understanding. If our goal can be to explicate the truth in the preservation of relics, of true matter, then we shall have succeeded. In this sometimes unfashionable pursuit, undertaken by erstwhile unconventional scholars, let us relive the American experience to remind us of our hard-won birth-right—to point the way to the enjoyment of our rights as citizens of the world, in that world's only environment, our temporary home, our sole stopping place short of the stars.

The saddest moments in the year came with the news that our good friends and wonderful Regents Nancy Hanks and Senator Scoop Jackson had died. The Regents adopted their own resolution in tribute to them, and the staff in both instances was simply numbed with grief. Different as they may have been, both were stalwarts in everything they did—as the nation, indeed the world, knew well. The presence of these lustrous Regents will long be felt at our Institution, one which we are proud to say they both loved so much.

As in the past, throughout the year we found ourselves adjusting to a variety of changes in personnel. Charles Blitzer, seventeen years at the Smithsonian and our imaginative, energetic, and accomplished Assistant Secretary for History and Art since 1968, accepted the directorship of the National Humanities Center in North Carolina. We had the good fortune of having on hand the acting director of the National Museum of African Art, Dr. John E. Reinhardt—formerly director of the International Communication Agency, Ambassador to Nigeria, foreign service officer, and professor of English—who agreed to serve as Charles's successor. Similarly, we were fortunate to have Edward F. Rivinus as acting director of Public Service for a number of months, and then to be able to appoint Ralph Rinzler, director of the Folklife Office for many years, as the new Public Service Assistant Secretary.

We have also had a number of changes in our museum and bureau leadership. Sylvia Williams, formerly the curator of African, Oceanic, and Primitive Art at the Brooklyn Museum, became the new director of the National Museum of African Art, while Dr. Roy Sieber, formerly a professor at Indiana University and curator of African and ethnographic arts there, was appointed associate director for Collections and Research at the museum. William Woolfenden retired after nineteen years as director of the



Mrs. Elliot Richardson, chairman of the Reading Is Fundamental Board of Directors, shares a book with a friend at the new Kenneth L. Pollock Children's Wing of the Osterhout Library in Wilkes-Barre, Pennsylvania. Mrs. Richardson spoke at the dedication of the wing (Photograph by Ken Bizzigotti. Courtesy of Wide World Photos). *Below:* Teachers in the Office of Elementary and Secondary Education's national seminar, "Teaching Writing Using Museums and Other Community Resources," develop materials at the Hirshhorn Museum and Sculpture Garden.



Archives of American Art, and we were fortunate to find Dr. Richard N. Murray, formerly director of the Birmingham (Alabama) Museum of Art, as his successor. Walter Boyne, a staff member of the National Air and Space Museum, was named director; and Dr. Irwin Shapiro, formerly of the Massachusetts Institute of Technology, was appointed director of the Center for Astrophysics, succeeding George Field who has returned to research and teaching. Dr. Theodore H. Reed has retired from the directorship of the National Zoological Park, where he has served for twenty-eight years, and Robert Organ retired as director of the Conservation Analytical Laboratory after sixteen years of Smithsonian service.

We will be forever in debt to the aforementioned retirees and countless other Smithsonian staff who have moved on, just as we delight in seeing their successors settle in and bring fresh perspectives to their jobs. Knowing these and many other staff, I continue to delight in the truism that this Institution has long owed its greatness to a formidable cadre of talented, interested, and dedicated "Smithsonians," as we call ourselves.

### *The Board of Regents*

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The first meeting of the Board of Regents was held on January 24, 1983, and opened with a warm and solemn tribute to Nancy Hanks, the late Regent. The Regents expressed their deep regret at the loss to the Institution by her death on January 7, recalling her splendid contributions to the arts and the Smithsonian.

The Audit and Review Committee reported on its joint meeting with the Personnel Committee on October 7, 1982. The committees discussed the Chesapeake Bay Center for Environmental Studies, draft Standards of Conduct, the Institution's tax status, the

review of the gem collections, and the deficit in the Division of Performing Arts. The Personnel Committee reported that it had found no conflict of interest whatsoever in the financial interests statements of the executive staff.

The Treasurer, Mr. Hohenlohe, presented a report on the net operating funds for fiscal year 1982 and the federal appropriations for fiscal year 1983. He also discussed the Office of Management and Budget's allowance for fiscal year 1984. He noted that the level of contributions to the Institution over the past four years, exclusive of gifts for the Quadrangle, more than doubled from \$2.5 million to \$5.6 million.

The Assistant Secretary for Administration, Mr. Jameson, introduced the current *Prospectus, FY 1984-1988* by summarizing the process over the last four years. Comparing actual developments with those anticipated, he noted success in collections management, acquisition of new facilities for research and public use, publications, museum security, and development of the trust fund endowment, with less success realized in building support for basic research, a priority of the current *Prospectus*. After discussion, the Regents approved the proposed *Prospectus*.

The October 2, 1982, Continuing Resolution contained an appropriation of \$36.5 million for Quadrangle construction, and in accordance with the Regents' resolution of September 20, 1982, the Chancellor certified on behalf of the Board that trust funds are available for construction. In order to permit the Institution to accept quickly a favorable bid, the Board authorized the Secretary to accept a General Services Administration contract within the estimates for the construction.

The Secretary reported that construction of the Museum Support Center was virtually complete at year's end. Security and information systems, laboratory equipment, and some collection-storage equipment will be installed prior to program and collection occupancy. A special task force has been planning for the relocation of collections and personnel to the center, and Mr. Ripley added that all museums are expected to complete "baseline" inventories in 1983.

The Secretary announced that the Smithsonian is seeking to purchase four acres as a site for the headquarters of the Whipple Observatory. The Secretary also observed that the more intensive

use of the Barro Colorado Island for science, under agreements relating to the 1979 Panama Canal Treaty, the pressures of inflation, and the need for improvements, has made the existing spending limit unrealistic. He suggested that this anomalous statutory limit be eliminated. After discussion, the Regents requested their Congressional members to introduce and support legislation to effect these purposes.

The Secretary reported that, occasioned by the prospective move to the Museum Support Center and into the Quadrangle, as well as the escalating costs of leasing office and industrial/storage space, a comprehensive review has been undertaken to study the most appropriate use of Institution space, to improve functional relationships among units, and to return space to public use. In a general exploration of opportunities, the Institution has reaffirmed interest in the International Trade Commission Building adjacent to the National Museum of American Art and Portrait Gallery.

The Regents voted to appoint Regent Senator Edwin J. "Jake" Garn as Chairman of the Commission of the National Portrait Gallery and Mr. Robert O. Anderson as a commission member. As recommended by the Commission of the National Museum of American Art, the Regents amended the bylaws of the commission to ensure more frequent rotation of membership, reappointed current members toward that end, and appointed Messrs. R. Crosby Kemper and David S. Purvis to the commission.

The Secretary announced that Mr. Arthur Ross, a member of the Cooper-Hewitt Council and frequent supporter of the museum's exhibition program, has made a seminal pledge toward the capital fund drive to raise \$20 million for a new wing at the Cooper-Hewitt, and the Regents resolved that a gallery in the new facility would bear his name. In other actions, the Regents voted to award the Langley Medal to H. Ross Perot, Jr., and Jay Coburn in recognition of the significance of their circumnavigation of the world in a helicopter, September 1-30, 1982. The Regents also congratulated the Secretary on receipt of the Order of the Sacred Treasure from the Government of Japan. The Secretary presented status reports on personnel, equal opportunity and affirmative action, other major construction projects, legislation, litigation, the management of the Front Royal deer population, the sale of the Beatles' Rolls Royce, and television.

The traditional Regents' dinner was held on Sunday evening, January 23, 1983, in the National Portrait Gallery and the National Museum of American Art. The Secretary presented to Charles Blitzer the Gold Medal for Exceptional Service.

The Chancellor called the second meeting of the Board of Regents to order on May 9, 1983. The Executive Committee, serving as the search committee for the new Regent from the District of Columbia, recommended Mrs. Jeannine Smith Clark in view of her long association with the Smithsonian as a volunteer and her past chairmanship of the Women's Committee. The Regents agreed to ask their Congressional members to introduce and support legislation to appoint her for the statutory term of six years. John Paul Austin resigned as a Regent for reasons of health and the Regents voted to confer the title of Regent Emeritus on him. The Chancellor asked the Executive Committee to serve as a search committee to identify potential Regents to fill the vacancy on the Board.

In an executive session the Secretary thanked the Regents for their past support and outlined his aspirations for completing Quadrangle fundraising, launching a Quadrangle-related endowment drive, and guiding the early programming for the Quadrangle. The Regents were most appreciative of the Secretary's concern for the future of the Institution and the Quadrangle in particular, and they expressed boundless gratitude for his accomplishments. To ensure an orderly transition, the Regents asked the Secretary to retain full Secretarial authority until his seventy-first birthday in September 1984, and it was agreed that the Regents would immediately form a Search Committee.

The Audit and Review Committee reported that on February 24, 1983, it discussed the Smithsonian Astrophysical Observatory, the development of the Office of Information Resource Management, and Coopers and Lybrand's first consolidated audit of the Institution's appropriated and trust funds for fiscal year 1982.

The Treasurer reported on the status of the fiscal year 1983 trust and appropriated funds and on the fiscal year 1984 appropriation hearings in the House and Senate. The Investment Policy Committee reported that on April 27, 1983, it reviewed investment performance and strategy with the Institution's three investment managers, noting that the endowment funds have continued to outperform the market averages. The Regents approved the total re-

turn income payout in fiscal year 1984 as recommended by the committee and thanked Mr. Burden for his extraordinary guidance in managing the Institution's endowment funds.

The Secretary reported on utility relocations in the Quadrangle, final design details, and the schedule for opening bids on May 17 and for a ground-breaking ceremony on June 21. After reviewing present commitments to the Quadrangle, he noted that the corporate campaign has begun with the help of members of the National Board of the Smithsonian Associates. Mr. Hadley Griffin, Chairman of the National Board, discussed the fund-raising activities and praised the Secretary's effectiveness in describing the urgent need for the Quadrangle. The Secretary reported on his visits to foreign nations for the cultivation of Quadrangle support and announced that the firm of Brakeley, John Price Jones Inc., will assist in raising funds for Quadrangle endowment and program components. In recognition of Mrs. Enid A. Haupt's outstanding generosity and interest in the design and implementation of the garden, the Board named the garden area in her honor.

The Secretary described the revised standards of conduct for Smithsonian employees, which he had recently approved, and the Regents endorsed the Secretary's actions. The Secretary reported that at the Regents' request the staff updated an earlier study on museum visitation and parking needs. Estimating that visitors will exceed 40 million annually by the year 2000, the staff observed the need for long-range planning and noted that a Smithsonian Transportation Coordinator has been appointed to develop with other agencies a variety of low-capital-cost solutions. The once-proposed construction of an underground Mall garage would not be self-liquidating under current estimates.

The Secretary discussed a variety of status reports, including the merger of the Radiation Biology Laboratory and the Chesapeake Bay Center for Environmental Studies, personnel and reorganization, Museum Support Center and inventory of collections, other major construction projects, space planning, legislation, litigation, management of the Front Royal deer population, the Hirshhorn bequest, and television.

The traditional Regents' Dinner was held in the National Air and Space Museum on May 8. The Chancellor presented Langley Medals to H. Ross Perot, Jr., and Jay Coburn.

The Chancellor opened the third meeting of the year on September 19, 1983, by welcoming the new Regents, Senator James R. Sasser and Mrs. Clark. The Regents then mourned the sudden death of Senator Jackson, adopting a formal resolution in his memory. As recommended by the Executive Committee, the Regents nominated Mr. Samuel C. Johnson of Racine, Wisconsin, as a Regent, noting his interest in the Institution through his membership on the National Board of Smithsonian Associates and his support of the Cooper-Hewitt Museum.

The Regents' Search Committee reported on its meetings and the steps taken to solicit nominations and address issues regarding criteria and attributes for the new Secretary. It was noted that the heartwarming and encouraging response to the committee's request for nominations and thoughts about the position has indeed reflected the work of the Secretary and the importance of the Institution in Washington and throughout the nation.

The Audit and Review Committee had met on May 19, 1983, and discussed the Institution's major television project, "Smithsonian World," other television and film projects, improvements in the review of employees' annual statements of financial interests, and Coopers and Lybrand's 1982 Report to Management.

The Treasurer reported that the Institution received a supplemental appropriation for increased pay costs in fiscal year 1983. He also reported on the status of the Institution's fiscal year 1984 budget request, noting the effects of House and Senate recommendations. He projected that net income from Unrestricted General Trust Funds in fiscal year 1984 would decline slightly from the fiscal year 1983 level, but remain ahead of earlier estimates. As in prior years, administration costs and program growth have been held to a minimum and the Regents approved the trust fund budget for fiscal year 1984. The Regents also approved a request of \$207 million in federal appropriations for submission to the Office of Management and Budget for fiscal year 1985, including increases for salaries and expenses, for renovation and improvement of the Institution's facilities, for planning costs associated with the repair and renovation of the General Post Office Building, and for excess foreign currencies.

Mr. Jameson highlighted the draft of the Five-Year Prospectus for fiscal years 1985-1989. In discussion it was suggested that

more pan-Institutional emphasis should be given to studies of the national collections, and the Regents were encouraged to make additional suggestions. The draft will be revised to incorporate the Regents' suggestions and updated budget figures.

After discussion of their policy on public and Congressional information, the Regents issued a press release announcing their intention to continue to meet in executive session. The statement reviewed the Regents' prior discussions, emphasizing the Regents' conviction that their actions should be communicated openly and widely to the Congress, press, and public. Toward that end a representative of the Regents will appear with the staff at the post-meeting briefing, an agenda for the meeting will be distributed to the press at that time, and a summary of the proceedings will be routinely supplied to the press and interested Congressional committees as soon as practicable after each meeting. This policy will be reviewed periodically by the Regents.

The Secretary noted that subsequent to the bids opened on May 17 the General Services Administration awarded a Quadrangle construction contract to the Blake Construction Company. He recited the administrative responsibilities which will be shared by the GSA, the architects, and Smithsonian staff, and reported that the contractors are expected to complete the building by January 20, 1986. A possible Congressional rescission from the construction appropriation was discussed, and it was noted that the full appropriation will almost certainly be required in future years for completion of all construction, finishing, and furnishing.

The Secretary described recent actions in the Senate and House Public Works Committees which would direct the GSA to transfer the General Post Office Building to the Smithsonian without reimbursement, contingent upon GSA locating suitable space for the current occupants, the International Trade Commission. He pointed out that the building would be used for expanded public activities in the National Museum of American Art, the National Portrait Gallery, and the Archives of American Art. The Regents recorded their support in principle for efforts made in the Congress.

The Secretary reported that he has decided to restore all museum restaurant operations to concession. He added that preliminary plans have been conceived for a ground-floor addition on the east terrace of the National Air and Space Museum Building for an enlarged public restaurant in lieu of the current facility which, due

to its location and size, has proven inadequate for the large numbers of visitors to the museum. Preliminary reviews have indicated that all construction costs will be recovered from revenues to the concessionaire. The Regents approved the preliminary plans in principle and authorized the Secretary to conduct further planning.

The Regents received a report indicating that it will be imperative to relocate the Garber facility near an active, major airfield with sufficient space for anticipated requirements. After four years of study, Dulles Airport had emerged as the only local facility to meet all necessary criteria. The Institution has received informal indications of support from the Federal Aviation Administration, state and county authorities, local citizens, and the aviation community. The Regents expressed confidence in the project.

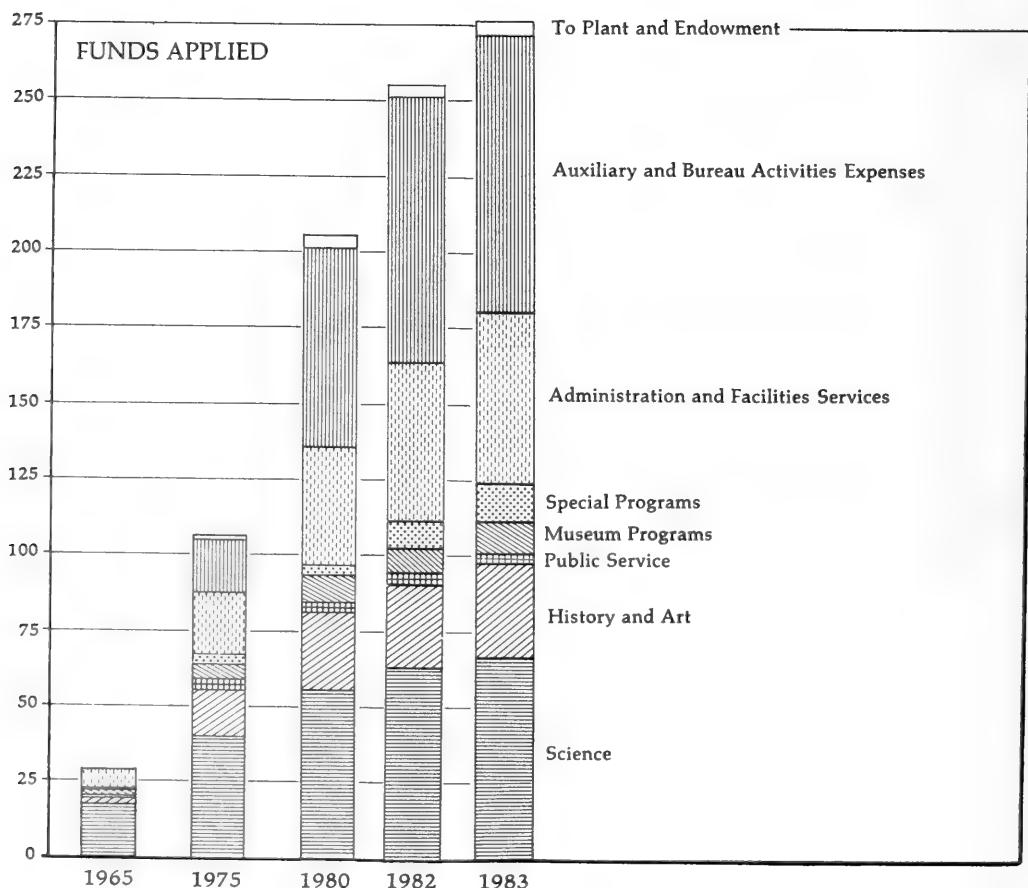
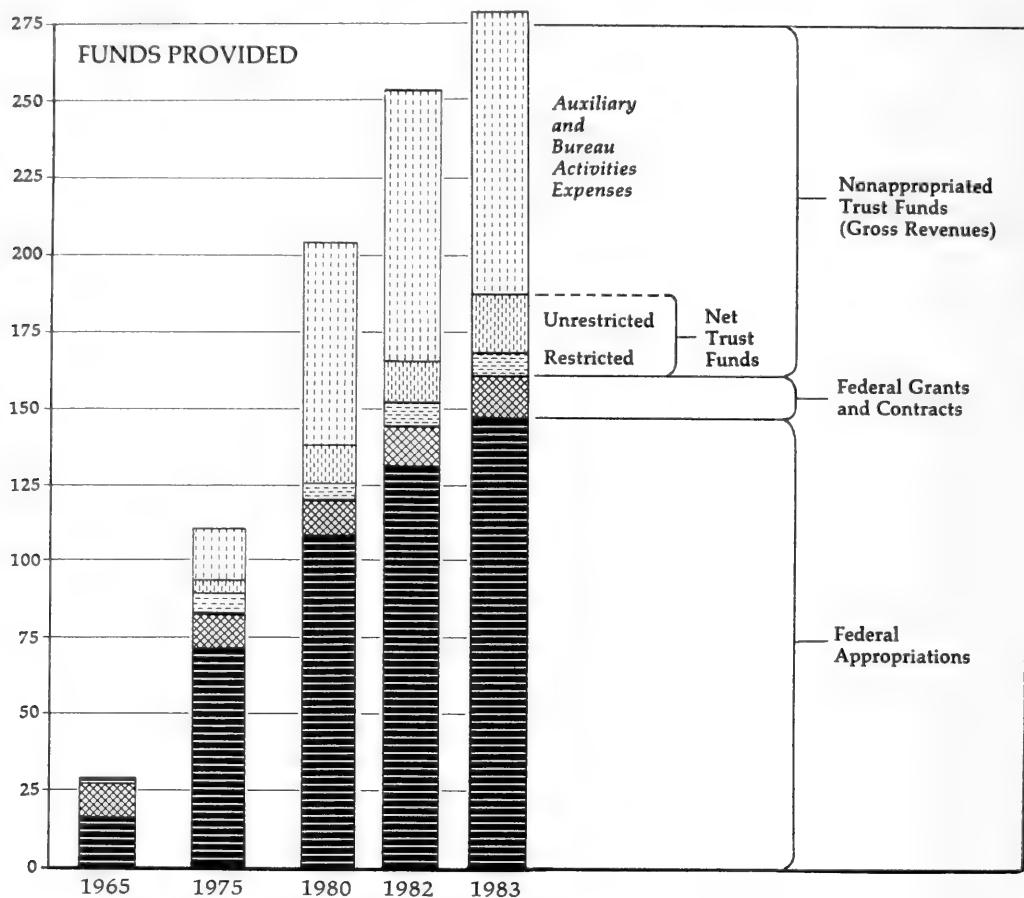
As proposed by Mr. Hadley Griffin, Chairman of the National Board of Smithsonian Associates, the Regents established the Order of James Smithson to recognize and encourage extraordinarily important contributions to the work of the Smithsonian. The Secretary and the Regents also discussed status reports on personnel, the Museum Support Center and collections management, other major construction projects, legislation, litigation, the International Exchange Service, and television and film. The Secretary reported that the Institution has been invited to send an exhibition to the August 1984 Edinburgh Festival. Regents, Regents Emeritus, and members of the National Board of Smithsonian Associates might constitute an official delegation to accompany the exhibition. By coincidence, this would mark the 200th anniversary of a tour of the Highlands taken by James Smithson, William Thornton, and a French abbé tutor at the suggestion of Benjamin Franklin. In response to the Regents' enthusiasm, the Secretary agreed to explore the matter and report further at the next meeting.

The traditional Regents' Dinner was held in the Arts and Industries Building on Sunday evening, September 18, 1983. The Chancellor welcomed the new Regents, Senator Sasser and Mrs. Clark, and Mr. Ripley presented to the Treasurer, Christian C. Hohenlohe, on his leaving the Institution, the Gold Medal for Exceptional Service. In his acceptance remarks, Mr. Hohenlohe enumerated the vast changes that had occurred in the income coming into the Institution, in the increase in the endowments by more than six-fold, and in the relative improved proportions of federal to trust fund support of the total budget in the past nineteen years.

## SMITHSONIAN INSTITUTION OPERATING FUNDS

**Fiscal Years 1965, 1975, 1980, 1982, 1983**

(In \$1,000,000's)



## FINANCIAL REPORT

CHRISTIAN C. HOHENLOHE, TREASURER

**SUMMARY:** The Smithsonian continued to enjoy broad-based financial stability in fiscal year 1983, with increased resources from a variety of sources sufficient for ongoing activities as well as for certain program enhancements. Generous support was received both from the Administration and the Congress as well as from the Institution's extended constituency of donors, Associates, and visitors. The bar chart on the facing page illustrates the sources and application of the Institution's operating funds in fiscal year 1983 and previous years. As in the past, the wide range of Smithsonian activities in research and exhibits, in public education and outreach, was supported by this mix of funding from federal appropriations, from gifts and investments, and from earned revenues. The accomplishments of the Institution during the year and its progress toward future goals are described elsewhere in this volume; what should be noted here is the gratitude of the Institution to those whose financial assistance has made these activities possible.

Secretary Ripley's retirement in September 1984 will mark the completion of some twenty years of service. These two decades represent a period of remarkable growth for the Institution, particularly as measured by the increase of its financial resources. To give appropriate perspective on current operations, the bar chart begins with the budget of the Institution in fiscal year 1965, the first full year of Secretary Ripley's incumbency. From operating revenues of some \$30 million in fiscal year 1965, the budget has risen nine-fold to \$278 million this past year. While much of the growth, particularly in very recent years, has been inflationary,

the greater part has resulted from new programs and from expansion of existing activities. Major museum facilities, and the appropriations to conduct their programs, have been acquired or built, including the National Air and Space Museum, the Hirshhorn Museum and Sculpture Garden, the Cooper-Hewitt Museum, the National Museum of African Art, the Renwick Gallery, and the Museum Support Center.

Of prime importance in increasing nonappropriated trust funds has been the creation of the Associate programs and the *Smithsonian* magazine, as well as the development of other revenue-generating auxiliary activities. With remarkable consistency, these years have brought both program growth and financial stability. The balance of appropriated and nonappropriated funds which has been achieved by the Secretary provides both strength and flexibility in meeting new challenges to the Institution, and the maintenance of this broad base will be critical in the years ahead.

Total federal appropriations to the Institution were \$195,756,000 in fiscal year 1983, including \$147,256,000 for operations. In the continuing context of federal budget restraint, this represented a high degree of backing from the Congress and the Executive Branch for the Smithsonian's work. The operating appropriation provides the basis for most of the Institution's continuing programs in research, exhibits, and collections management, together with the necessary supporting services; funds were made available to carry on these programs, to cover inflationary increases, and to advance certain high priorities, such as the initial movement of collections to the Museum Support Center and the upgrading of security equipment. Following on a planning appropriation the prior year, Congress provided construction funds of \$36.5 million for the Quadrangle, the Center for African, Near Eastern, and Asian Cultures, which will be financed on a matching basis with nonappropriated funds. With this federal commitment toward the project, and with substantial progress toward securing the non-federal funds, construction on the project was begun.

While the federal appropriation provides the essential base support of the Institution, nonappropriated trust funds enrich our programs and encourage their outreach to greater segments of the public. These revenues, largely from the Associate programs and other auxiliary activities, increased handsomely over last year,

TABLE 1. *Financial Summary*  
(In \$1,000s)

	FY 1981	FY 1982	FY 1983
<b>INSTITUTIONAL OPERATING FUNDS</b>			
<b>FUNDS PROVIDED:</b>			
Federal Appropriations—Salaries & Expenses .....	\$ 122,478	\$ 131,170	\$ 147,256
Federal Agency Grants & Contracts .....	14,172	13,217	13,125
Nonappropriated Trust Funds:			
For Restricted Purposes .....	6,378	6,821	9,162
For Unrestricted & Special Purposes:			
Auxiliary & Bureau Activities Revenues—Gross .....	88,381	97,350	104,129
Less Related Expenses .....	(75,924)	(88,596)	(89,397)
Auxiliary & Bureau Activities Net Revenue .....	12,457	8,754	14,732
Investment, Gift, & Other Income .....	4,887	4,808	4,302
Total Net Unrestricted & Special Purpose Revenue .....	17,344	13,562	19,034
Total Nonappropriated Trust Funds*—Gross .....	99,646	108,979	117,593
—Net .....	23,722	20,383	28,196
Total Operating Funds Provided—Gross .....	236,296	253,366	277,974
—Net .....	<u>\$160,372</u>	<u>\$164,770</u>	<u>\$188,577</u>
<b>FUNDS APPLIED:</b>			
Science .....	\$ 62,703	\$ 64,837	\$ 68,895
Less SAO Overhead Recovery .....	(2,470)	(2,487)	(2,264)
History & Art .....	25,614	26,762	30,979
Public Service .....	3,421	3,782	2,843
Museum Programs .....	8,084	8,539	9,702
Special Programs .....	7,284	9,533	13,342
Associates & Business Management .....	312	543	1,057
Administration—Federal** .....	8,782	9,719	11,032
—Nonappropriated Trust Funds .....	5,740	5,733	7,226
Less Smithsonian Overhead Recovery .....	(5,014)	(5,338)	(6,331)
Facilities Services .....	<u>36,501</u>	<u>39,327</u>	<u>43,653</u>
Total Operating Funds Applied .....	150,957	160,950	180,134
Transfers (Nonappropriated Trust Funds)			
Unrestricted Funds—To Plant .....	2,550	1,064	2,069
—To Endowment .....	2,550	2,259	3,084
Restricted Funds—To Endowment .....	<u>108</u>	<u>318</u>	<u>637</u>
Total Operating Funds Applied & Transferred Out .....	<u>\$156,165</u>	<u>\$164,591***</u>	<u>\$185,924</u>
<b>CHANGES IN NONAPPROPRIATED TRUST FUND BALANCES:</b>			
Restricted Purpose (Incl. Fed. Agency Gr. & Contracts) .....	\$ 1,276	\$ (45)	\$ 1,765
Unrestricted—General Purpose .....	42	5	28
—Special Purpose .....	2,704	404	860
Total .....	<u>\$ 4,022</u>	<u>\$ 364</u>	<u>\$ 2,653</u>
<b>YEAR-END BALANCES—NONAPPROPRIATED TRUST FUNDS:</b>			
Restricted Purpose .....	\$ 5,951	\$ 5,906	\$ 7,671
Unrestricted—General Purpose .....	5,043	5,048	5,076
—Special Purpose .....	12,599	13,003	13,863
Total .....	<u>\$ 23,593</u>	<u>\$ 23,957</u>	<u>\$ 26,610</u>
<b>OTHER FEDERAL APPROPRIATIONS</b>			
Special Foreign Currency Program .....	\$ 3,650	\$ 4,320	\$ 2,000
Construction .....	<u>15,829</u>	<u>9,744</u>	<u>46,500</u>
Total Federal Appropriations (Incl. S&E above) .....	<u>\$141,957</u>	<u>\$145,234</u>	<u>\$195,756</u>

\*Figures do not include gifts and other income directly to Plant and Endowment Funds: FY 1981—\$2,696,000; FY 1982—\$2,197,000; FY 1983—\$15,048,000.

\*\*Includes unobligated funds returned to Treasury: FY 1981—\$64,000; FY 1982—\$124,000; FY 1983—\$62,000.

\*\*\*Includes \$185,000 available for FDR Centennial carried forward from FY 1981.

indicating broad approval of the Institution's efforts and ensuring their continuation. Gifts and grants from individuals, foundations, corporations, and Associates for operating projects as well as the Quadrangle also grew to a new level. The net revenues from nonappropriated sources permitted increased support to some activities, such as the Fellowship Program, as well as a greater transfer of funds to endowment, pursuant to the high priority of the Board of Regents on developing these permanent funds. In this regard, the substantial investment return of the Institution's endowment funds further increased security for the future.

### *Operating Funds—Sources and Application*

The overall operating budget of the Smithsonian grew by 10 percent in the past year, from \$253,366,000 in fiscal year 1982 to \$277,974,000 in fiscal year 1983. As shown in Table 1, these operating revenues were derived 53 percent from federal appropriations, 42 percent from nonappropriated sources, and 5 percent from federal agency grants and contracts.

Net operating funds, exclusive of the expenses of the nonappropriated auxiliary and bureau activities, grew by \$23,807,000, and were derived 78 percent from federal appropriations, 15 percent from nonappropriated sources, and 7 percent from federal agency grants and contracts. Table 2 outlines the application of these funds by all Smithsonian bureaux, with supporting detail in the following tables.

#### *FEDERAL APPROPRIATION*

Federal appropriations represent the largest single source of funds available to the Institution and provide the core support for the Institution's programs in basic research, care, and exhibition of the National Collections, education and publication programs, as well as the maintenance and protection of the buildings.

In fiscal year 1983, federal support for the Institution's operating programs totaled \$147,256,000, an increase of \$16 million, or 12 percent, over the previous year. Inflationary costs in utilities, salaries, communications and other costs accounted for over \$9 million of this increase; the balance was applied to a variety of require-

ments primarily related to strengthening the care and security of the collections and buildings. Some \$2.2 million was devoted to moving and operating costs associated with the occupancy of the recently completed Museum Support Center. An additional \$2.5 million was provided for the replacement of obsolete security equipment, for the conversion of volatile nitrate photographic negatives to archival-quality film, and for contractual services required for the proper maintenance of Smithsonian facilities. Other increases included support for improvements to the multiple mirror telescope at the Whipple Observatory in Arizona, for phased automation of library services, and for production of a film commemorating the signing of the Treaty of Paris. At the initiation of Congress, an amount of \$1 million was also received for award to the John F. Kennedy Center for the Performing Arts in support of the activities of the National Symphony Orchestra as the resident orchestra of the Center.

#### **FEDERAL AGENCY GRANTS AND CONTRACTS**

Grants and contracts from federal agencies, a significant source of support for the Institution's research activities, totaled \$13,125,000 in fiscal year 1983, a slight decline from the previous year. As in past years, the majority of these funds were provided by the National Aeronautics and Space Administration (NASA) for research programs at the Smithsonian Astrophysical Observatory. Important projects underway in fiscal year 1983 included the development of a high-resolution Imager for the Roentgen Satellite, study of the solar corona and its effects on Earth, a program to analyze data provided by the Viking Satellite, and the satellite tracking program.

In addition to support received from NASA, \$3.5 million was received from other government agencies, primarily the Department of Defense and the National Science Foundation. Examples of the diverse programs supported by grant and contract funds include development of guidelines for the conservation and management of wild primates, the collection of biological specimens from the outer continental shelf, support for the 1983 Festival of American Folklife, and a study to improve student attitudes toward science-related careers.

TABLE 2. *Source and Application of Operating Funds*  
*Year Ended September 30, 1983*

(Excludes Special Foreign Currency Funds, Plant Funds and Endowments)  
(In \$1,000s)

Funds	Nonfederal Funds						
	Unrestricted			Restricted			
	Federal funds	Total non-federal funds	General	Auxiliary activities	Special purpose	General	Grants and contracts
FUND BALANCES—10/1/82 .	\$ —	\$ 23,957	\$ 5,048	\$ —	\$ 13,003	\$ 5,719	\$ 187
<b>FUNDS PROVIDED</b>							
Federal Appropriations .....	147,256	—	—	—	—	—	—
Investment Income .....	—	6,146	2,489	—	686	2,971	—
Grants and Contracts .....	—	13,125	—	—	—	—	13,125
Gifts .....	—	7,769	24	2,171	155	5,419	—
Sales and Revenue .....	—	101,958	—	98,826	3,132	—	—
Other .....	—	1,720	46	—	902	772	—
Total Provided .....	147,256	130,718	2,559	100,997	4,875	9,162	13,125
Total Available .....	\$147,256	\$154,675	\$ 7,607	\$100,997	\$17,878	\$14,881	\$13,312
<b>FUNDS APPLIED</b>							
<i>Science:</i>							
Assistant Secretary .....	\$ 372	\$ 381	\$ 62	\$ —	\$ 31	\$ 101	\$ 187
Natl. Mus. of Nat. History/							
Museum of Man .....	18,148	3,259	306	—	613	1,362	978
Astrophysical Observatory ...	6,649	13,928	2,268	—	609	155	10,896
Less Overhead Recovery ...	—	(2,264)	(2,264)	—	—	—	—
Tropical Research Institute ...	3,155	362	71	—	91	181	19
Environmental Rsch. Center ..	3,170	626	73	—	133	39	381
Natl. Air & Space Museum ...	7,184	2,648	5	—	2,408	122	113
Natl. Zoological Park .....	10,042	377	7	—	112	82	176
Total Science .....	48,720	19,317	528	—	3,997	2,042	12,750
<i>History and Art:</i>							
Assistant Secretary .....	374	102	97	—	5	—	—
Natl. Mus. of Am. History ...	9,530	920	90	—	355	472	3
Natl. Mus. of American Art ..	4,186	795	26	—	667	104	(2)
Natl. Portrait Gallery .....	3,085	327	45	—	118	164	—
Hirshhorn Museum .....	2,705	140	9	—	62	69	—
Center for Asian Art .....	913	1,423	52	—	52	1,319	—
Archives of American Art ....	679	768	1	—	1	766	—
Cooper-Hewitt Museum ....	805	2,275	527	—	1,151	549	48
Natl. Mus. of African Art ....	934	1,053	206	—	888	(41)	—
Anacostia Museum .....	700	34	29	—	3	2	—
Total History and Art .	23,911	7,837	1,082	—	3,302	3,404	49

TABLE 2. *Source and Application of Operating Funds—continued*  
*Year Ended September 30, 1983*  
*(Excludes Special Foreign Currency Funds, Plant Funds and Endowments)*  
*(In \$1,000s)*

Funds	Nonfederal Funds						
	Federal funds	Total non-federal funds	Unrestricted		Restricted		
			General	Auxiliary activities	Special purpose	General	Grants and contracts
<i>Public Service:</i>							
Assistant Secretary .....	217	37	37	—	—	—	—
Reception Center .....	77	484	467	—	17	—	—
Telecommunications .....	362	700	330	—	195	175	—
Smithsonian Press .....	970	9,544	—	9,529	—	5	10
<b>Total Public Service ...</b>	<b>1,626</b>	<b>10,765</b>	<b>834</b>	<b>9,529</b>	<b>212</b>	<b>180</b>	<b>10</b>
<i>Museum Programs:</i>							
Assistant Secretary .....	808	281	6	—	93	181	1
Registrar .....	87	—	—	—	—	—	—
Conserv. Analytical Laboratory	892	—	—	—	—	—	—
Libraries .....	3,692	256	211	—	41	4	—
Exhibits .....	1,367	(14)	—	—	(14)	—	—
Traveling Exhib. Service .....	313	2,139	—	1,375	71	689	4
Archives .....	442	63	62	—	1	—	—
National Museum Act .....	777	—	—	—	—	—	—
<b>Total Museum Programs</b>	<b>8,378</b>	<b>2,725</b>	<b>279</b>	<b>1,375</b>	<b>192</b>	<b>874</b>	<b>5</b>
<i>Special Programs:</i>							
Am. Studies & Folklife Pgm. .	603	860	448	—	80	84	248
Int. Environ. Science Pgm. ...	629	—	—	—	—	—	—
Academic & Educational Pgm.	634	1,168	159	—	891	118	—
Collections Mgt./Inventory ...	789	—	—	—	—	—	—
Major Exhibition Program ....	825	—	—	—	—	—	—
Museum Support Center .....	6,758	79	—	—	79	—	—
JFK Center Grant .....	1,000	—	—	—	—	—	—
<b>Total Special Programs .</b>	<b>11,238</b>	<b>2,107</b>	<b>607</b>	<b>—</b>	<b>1,050</b>	<b>202</b>	<b>248</b>
<i>Associate Programs</i>							
Business Management .....	—	53,655	1,039	52,589	23	4	—
Administration .....	10,970	7,303	6,830	77	314	82	—
Less Overhead Recovery ...	—	(6,331)	(6,331)	—	—	—	—
Facilities Services .....	42,351	1,302	1,264	—	3	35	—
<i>Transfers Out/(In):</i>							
Treasury .....	62*	—	—	—	—	—	—
Coll. Acq., Schol. St., Outreach	—	—	2,645	—	(2,645)	—	—
Net Auxiliary Activities .....	—	—	(13,346)	13,346	—	—	—
Other Designated Purposes ...	—	—	2,074	486	(2,560)	—	—
Plant .....	—	2,069	2,005	—	64	—	—
Endowment .....	—	3,721	3,021	—	63	637	—
<b>Total Transfers .....</b>	<b>62</b>	<b>5,790</b>	<b>(3,601)</b>	<b>13,832</b>	<b>(5,078)</b>	<b>637</b>	<b>—</b>
<b>Total Funds Applied ...</b>	<b>\$147,256</b>	<b>\$128,065</b>	<b>\$ 2,531</b>	<b>\$100,997</b>	<b>\$ 4,015</b>	<b>\$ 7,460</b>	<b>\$13,062</b>
<b>FUND BALANCES 9/30/83 ..</b>	<b>\$ —</b>	<b>\$ 26,610</b>	<b>\$ 5,076</b>	<b>\$ —</b>	<b>\$13,863</b>	<b>\$ 7,421</b>	<b>\$ 250</b>

\*Unobligated funds returned to Treasury.

TABLE 3. *Grants and Contracts—Expenditures*  
(In \$1,000s)

<i>Federal Agencies</i>	<i>FY 1981</i>	<i>FY 1982</i>	<i>FY 1983</i>
Department of Commerce .....	\$ 210	\$ 174	\$ (7)
Department of Defense .....	703	1,001	1,299
Department of Energy .....	407	448	358
Department of Health and Human Services .....	283	325	280
Department of Interior .....	244	268	238
National Aeronautics and Space Administration*	10,663	9,303	9,551
National Science Foundation** .....	784	1,079	928
Other .....	574	837	415
<b>Total .....</b>	<b>\$13,868</b>	<b>\$13,435</b>	<b>\$13,062</b>

\*Includes \$813,000 (FY 1981), \$264,000 (FY 1982), and \$197,000 (FY 1983) in subcontracts from other organizations receiving prime contract funding from NASA.

\*\*Includes \$208,000 (FY 1981), \$230,000 (FY 1982), and \$196,000 (FY 1983) in NSF subcontracts from the Chesapeake Research Consortium.

#### NONAPPROPRIATED TRUST FUNDS

Nonappropriated trust fund income is derived from gifts and grants, endowment and current fund investments, and revenue-producing activities. Gross revenues from these sources totaled \$117,593,000 in fiscal year 1983, an increase of 8 percent over the previous year. After excluding costs of the auxiliary and bureau activities which are necessary to generate the sales revenues, the net income available for program purposes increased over the prior year by \$7,813,000, to a total of \$28,196,000. Application of these funds by bureau is reflected in Table 2.

Restricted fund revenues, available only for specified purposes, totaled \$9,162,000 for the year, a substantial increase of \$2,341,000 over fiscal year 1982. More than \$5.4 million of this income was received from gifts and grants, \$3 million from endowment investment income and interest earned on restricted current fund balances, and \$800,000 from other sources such as fundraising activities of the Archives of American Art and Cooper-Hewitt Museum and the sales desk activities at the Freer Gallery of Art. As displayed in Table 4, these revenues provided major operating support for the Smithsonian Marine Station at Link Port (now administered by the National Museum of Natural History), the Freer

TABLE 4. *Restricted Operating Trust Funds \**  
*Fiscal Years 1981-1983*  
(In \$1,000s)

Item	Invest- ment	Gifts	Miscel- laneous	Total rev- enue	Dedu- ctions	Trans- fers in (out)	Net in- crease (de- crease)	Fund bal- ance end of year
FY 1981—Total .....	\$2,591	\$2,978	\$ 809	\$6,378	\$5,295	\$ (111)	\$ 972	\$5,546
FY 1982—Total .....	<u>\$2,886</u>	<u>\$3,154</u>	<u>\$ 781</u>	<u>\$6,821</u>	<u>\$6,571</u>	<u>\$ (77)</u>	<u>\$ 173</u>	<u>\$5,719</u>
<b>FY 1983:</b>								
National Museum of Natural History .....	\$1,005	\$ 381	\$ 5	\$1,391	\$1,362	\$ (206)	\$ (177)	\$ 734
Astrophysical Observatory .....	56	112	—	168	155	5	18	(7)
Tropical Research Institute .....	60	322	—	382	181	2	203	260
National Air & Space Museum .....	57	80	—	137	122	(11)	4	115
National Zoological Park .....	15	114	—	129	82	—	47	105
Other Science .....	172	103	—	275	140	(103)	32	562
National Museum of American History .....	60	474	—	534	472	(2)	60	552
National Museum of American Art .....	66	111	10	187	104	—	83	409
National Portrait Gallery .....	19	139	—	158	164	—	(6)	166
Hirshhorn Museum .....	70	61	—	131	69	—	62	666
Freer Gallery of Art .....	1,027	133	458	1,618	1,319	—	299	1,234
Archives of American Art .....	37	767	179	983	766	—	217	315
Cooper-Hewitt Museum .....	81	574	119	774	549	3	228	578
Traveling Exhibition Service .....	55	1,381	—	1,436	689	—	747	922
Office of Museum Programs .....	33	4	—	37	150	—	(113)	233
All Other .....	<u>158</u>	<u>663</u>	<u>1</u>	<u>822</u>	<u>499</u>	<u>(325)</u>	<u>(2)</u>	<u>577</u>
<b>Total FY 1983 .....</b>	<b><u>\$2,971</u></b>	<b><u>\$5,419</u></b>	<b><u>\$ 772</u></b>	<b><u>\$9,162</u></b>	<b><u>\$6,823</u></b>	<b><u>\$ (637)</u></b>	<b><u>\$1,702</u></b>	<b><u>\$7,421</u></b>

\*Does not include Federal Agency Grants and Contracts.

Gallery of Art, which has been joined with the Sackler Gallery to form the Center for Asian Art, as well as for a wide range of other educational and exhibition programs throughout the Institution. Contributing to the growth in restricted revenues during the past year was the high level of gifts and grants received for the

TABLE 5. *Unrestricted Special Purpose Funds*  
*Fiscal Years 1981-1983*  
(In \$1,000s)

Item	Revenue				Deductions				Fund balance end of year
	Invest- ment	Bu- reau activi- ties	Gifts and other rev- enue	Total rev- enue	Trans- fers in (out)	Pro- gram ex- pense	Bu- reau activi- ties ex- pense	Net in- crease (de- crease)	
FY 1981 .....	\$589	\$3,333	\$1,105	\$5,027	\$4,766	\$4,844	\$2,245	\$2,704	\$12,599
FY 1982 .....	719	2,925	1,067	4,711	2,784	4,908	2,183	404	13,003
FY 1983:									
National Museum of Natural History .....	\$ 63	\$ 2	\$ 46	\$ 111	\$ 717	\$ 605	\$ 8	\$ 215	\$ 602
Astrophysical Observatory .....	—	155	62	217	406	470	139	14	611
Tropical Research Institute .....	12	4	1	17	172	165	(74)	98	179
National Air and Space Museum .....	309	1,711	41	2,061	(93)	1,097	1,311	(440)	2,596
Environmental Research Center* .....	7	26	9	42	96	111	22	5	139
National Zoological Park	184	—	306	490	39	112	—	417	2,035
National Museum of American History ....	27	2	112	141	349	354	1	135	438
National Museum of American Art .....	7	5	63	75	539	666	1	(53)	117
National Portrait Gallery	6	9	45	60	115	113	5	57	127
Hirshhorn Museum .....	15	—	16	31	72	62	—	41	178
Cooper-Hewitt Museum .	9	1,099	88	1,196	40	391	760	85	4
National Museum of African Art .....	—	4	6	10	856	886	2	(22)	121
Office of Telecommunica- tions .....	—	29	—	29	109	176	19	(57)	452
Liability Reserves .....	—	—	—	—	—	41	—	(41)	3,289
Unallocated Coll. Acq., Schol. Studies, and Outreach .....	—	—	—	—	364	—	—	364	437
Fellowships .....	—	—	—	—	1,077	863	—	214	841
Museum Support Center Equipment .....	—	—	—	—	—	79	—	(79)	670
All Other .....	47	86	262	395	220	670	38	(93)	1,027
Total FY 1983 ....	\$686	\$3,132	\$1,057	\$4,875	\$5,078	\$6,861	\$2,232	\$ 860	\$13,863

\*Effective in FY 1983, the Chesapeake Bay Center for Environmental Studies was merged with the Radiation Biology Laboratory to form the Smithsonian Environmental Research Center.

collections and research programs of the Archives of American Art and for the major exhibitions, *The Precious Legacy: Judaic Treasures from the Czechoslovak State Collections*, a traveling exhibition organized by the Smithsonian Institution Traveling Exhibition Service, and *Fabergé: Jeweler to Royalty*, developed by the Cooper-Hewitt Museum. In addition, a five-year grant of \$1,029,000 was awarded to the Tropical Research Institute by the W. Alton Jones Foundation, Inc., in support of a major new program of studies on the rational exploitation of the tropics.

Support to *Unrestricted Special Purpose* funds totaled \$4,875,000 in fiscal year 1983, consisting of revenues generated by bureau activities such as the film theater and spacearium at the National Air and Space Museum and the membership program and admissions fees at the Cooper-Hewitt Museum; investment income earned on unexpended fund balances and endowments; and miscellaneous income for other designated purposes such as Zoo parking receipts which are earmarked for construction of a future parking facility. Transfers into this fund category included allocations of \$2.6 million for the Collections Acquisition, Scholarly Studies, and Educational Outreach programs, \$1.4 million for fellowship awards, \$500,000 for revenue sharing with bureaux housing centrally-run museum shop and concession activities, and \$900,000 for special exhibitions, acquisitions, research, and other activities. Gifts of otherwise unrestricted bequests received during the year were transferred to endowment as specified by the Bylaws of the Regents, and a portion of income produced by NASM theaters was made available for unrestricted purposes of the Institution.

*Unrestricted General Purpose* funds, available for general Institutional purposes, are derived primarily from net revenues of the auxiliary activities and investment income. As displayed in Table 6, net general unrestricted funds, after deduction of auxiliary activities' expenses, totaled \$16,391,000 in fiscal year 1983, an increase of \$5,357,000 over the prior year. This growth is attributable to increased sales income by the auxiliary activities and to the effective management and control of related expenses. Some \$9.9 million of the net income produced by the auxiliary activities was from the Associate programs, largely from the *Smithsonian* magazine. The Associate programs were also responsible for generating more than \$1.4 million as gifts from Associate members for con-

TABLE 6. *Unrestricted Trust Funds—General and Auxiliary Activities*  
*Fiscal Years 1981–1983*  
(In \$1,000s)

Item	FY 1981	FY 1982	FY 1983
<b>FUNDS PROVIDED</b>			
<b>General Income:</b>			
Investments .....	\$ 3,123	\$ 2,921	\$ 2,489
Gifts .....	15	18	24
Miscellaneous .....	55	83	46
<b>Total General Income</b> .....	<b>3,193</b>	<b>3,022</b>	<b>2,559</b>
<b>Auxiliary Activities Income (Net):</b>			
Associates* .....	8,691	8,126	9,864
<b>Business Management:</b>			
—Museum Shops and Mail Order .....	631	856	2,710
—Concessions, Parking and Food Services ..	1,978	1,513	1,670
—Other .....	(251)	(322)	(300)
Performing Arts* .....	(186)	(2,544)	—
Smithsonian Press* .....	767	670	232
Traveling Exhibitions .....	(226)	(298)	(363)
Photo Services .....	(35)	11	19
<b>Total Auxiliary Activities</b> .....	<b>11,369</b>	<b>8,012</b>	<b>13,832</b>
<b>Total Funds Provided (Net)</b> .....	<b>14,562</b>	<b>11,034</b>	<b>16,391</b>
<b>EXPENDITURES AND TRANSFERS</b>			
Administrative and Program Expense .....	12,141	12,505	14,727
Less Administrative Recovery .....	7,484	7,825	8,595
<b>Net Expense</b> .....	<b>4,657</b>	<b>4,680</b>	<b>6,132</b>
<b>Less Transfers:</b>			
To Special Purpose for Program Purposes .....	4,816	3,328	5,205
To Plant Funds .....	2,526	1,000	2,005
To Endowment Funds .....	2,521	2,021	3,021
<b>NET ADDITION TO FUND BALANCE</b> .....	<b>42</b>	<b>5</b>	<b>28</b>
<b>ENDING FUND BALANCE</b> .....	<b>\$ 5,043</b>	<b>\$ 5,048</b>	<b>\$ 5,076</b>

\*Effective FY 1983, the Division of Performing Arts recording program was transferred to the Smithsonian Press and the performing arts activities for which tickets are sold to the public were transferred to the Resident Associate Program.

struction of the Quadrangle, included as income to Plant Funds below. Net income from the Museum Shops and Mail Order catalogues totaled \$2.7 million, more than three times the amount for the previous year, enhanced by increased visitation to the museums.

TABLE 7. Auxiliary Activities Fiscal Years 1981-1983  
(In \$1,000s)

Activity	Sales and other revenue	Gifts	Less cost of sales	Gross revenue	Ex- penses	Net rev- enue*** (loss)
FY 1981 .....	\$83,719	\$ 1,329	\$45,866	\$39,182	\$27,813	\$11,369
FY 1982 .....	\$92,668	\$ 1,757	\$56,166	\$38,259	\$30,247	\$ 8,012
FY 1983:						
Associates .....	\$60,282	\$ 2,171	\$39,926	\$22,527	\$12,663	\$ 9,864
Business Management:						
—Museum Shops* .....	22,213	—	12,534	9,679	6,969	2,710
—Concessions/Parking/ Food Services .....	5,136	—	1,052	4,084	2,414	1,670
—Other** .....	326	—	—	326	626	(300)
Smithsonian Press .....	9,761	—	3,483	6,278	6,046	232
Traveling Exhibitions .....	1,012	—	520	492	855	(363)
Photo Services (Administration) .....	96	—	12	84	65	19
Total FY 1983 .....	\$98,826	\$ 2,171	\$57,527	\$43,470	\$29,638	\$13,832

\*Includes Museum Shops and Mail Order.

\*\*Includes Business Management Office and Belmont.

\*\*\*Before revenue-sharing transfers to participating Smithsonian bureaux of \$390,000 (FY 1981); \$380,000 (FY 1982); and \$486,000 (FY 1983).

These funds were used by the Institution to continue allotments for a variety of program and support activities, particularly the Cooper-Hewitt Museum, the National Museum of African Art, the Visitor Information and Associates' Reception Center, the Office of Folklife Programs, and the Office of Telecommunications. Special funding was also provided for the exhibition *The Heritage of Islam*, presented in the Thomas Mellon Evans Special Exhibits Gallery, for fundraising for construction of the Quadrangle Center, for a marine sanctuary program, and for developmental costs of a new, integrated personnel/payroll system.

As mentioned above, transfers were made to Special Purpose Funds for the Collections Acquisition, Scholarly Studies, and Educational Outreach programs (approved by the Board of Regents for a second five-year period), fellowship awards to pre- and post-

doctoral fellows, and small research grants to Smithsonian professional staff.

Reflecting the favorable results of the Institution's unrestricted funds, some \$3 million was transferred to endowment, of which \$2.5 million was added to unrestricted endowment funds and \$500,000 was used, together with slightly over \$200,000 of proceeds from the sale of the Belmont Conference Center, to endow the James E. Webb Fellowship Program. Transfers to Plant Funds included \$2 million for construction of the Quadrangle Center and \$5,000 to complete construction of the East Garden.

### *Special Foreign Currency Program*

An appropriation of foreign currencies equivalent to \$2 million was received under the Special Foreign Currency Program in fiscal year 1983 to continue a program of grants to United States institutions for field research and advanced professional training in areas related to Smithsonian interest and expertise. Accumulated from sales of surplus agricultural commodities under Public Law 83-480, these currencies have been determined by the Treasury Department to be excess to the normal needs of the government. The application of these funds by country and discipline is contained in Table 8.

TABLE 8. *Special Foreign Currency Program*  
*Fiscal Year 1983—Obligations*  
(In \$1,000s)

Country	Archae- ology	System- atic and environ- mental biology	Astro- physics and earth sciences	Mu- seum pro- grams	Grant admin- istra- tion	Total
India .....	\$1,247	\$274	\$91	\$270	\$168*	\$2,050
Pakistan .....	82	203	—	5	1	291
Total .....	<u>\$1,329</u>	<u>\$477</u>	<u>\$91</u>	<u>\$275</u>	<u>\$169</u>	<u>\$2,341</u>

\*Includes \$62,000 for translation services in support of all programs.

## *Construction*

A total of \$65,021,000 was provided in FY 1983 for construction and renovation projects at the Institution, of which \$46.5 million was from federal appropriations and \$18.5 million from nonappropriated trust funds.

The majority of this funding was for the construction of the Quadrangle Center for African, Near Eastern, and Asian Cultures, the cost of which, estimated at \$75 million, will be funded one-half from federal appropriations and one-half from nonappropriated sources. In recognition of the Institution's commitment to matching the cost of the Center's construction, an amount of \$36.5 million was appropriated in fiscal year 1983. Complementing this display of federal support were gifts, transfers of unrestricted trust funds and earned interest totaling \$16.6 million; this amount includes \$7.6 million of firm pledges recorded when ground was broken on June 21, 1983. When added to amounts received in previous years, additional commitments from outside sources, future planned transfers from unrestricted funds, and anticipated revenues from the sale of real estate, over \$36 million of nonappropriated funds has been raised to date. Particularly noteworthy among the gifts and pledges recorded this past year were \$4 million from Arthur M. Sackler, \$3 million from Mrs. Enid A. Haupt, \$1 million from the Pew Memorial Trust, and \$1.4 million given by over 35,000 Smithsonian Associates in an impressive demonstration of broad support.

Additional appropriations totaling \$10 million were received for major repairs, renovations, and building improvements at existing Smithsonian facilities, including those of the National Zoological Park and other off-Mall locations. Projects essential to insuring the welfare of visitors and the preservation of the collections, including the maintenance of building exteriors, the installation of fire detection and suppression systems, and the repair and upgrading of utility systems, continued as areas of highest priority.

The sale of several Smithsonian properties was concluded in FY 1983. The Belmont Conference Center was sold to the American Chemical Society and its surrounding land to the State of Maryland for a total of approximately \$2 million, of which \$1,750,000 was committed to construction of the Museum Support Center, and as

TABLE 9. *Construction and Plant Funds Fiscal Years 1981-1983*  
(In \$1,000s)

<i>Sources</i>	<i>FY 1981</i>	<i>FY 1982</i>	<i>FY 1983</i>
<b>FUNDS PROVIDED</b>			
<b>Federal Appropriations:</b>			
National Zoological Park .....	\$ 3,290	\$ 1,104	\$ 1,550
Restoration and Renovation of Buildings .....	7,539	7,680	8,450
Museum Support Center .....	5,000	—	—
Quadrangle .....	—	960	36,500
<b>Total Federal Appropriations</b> .....	<b>15,829</b>	<b>9,744</b>	<b>46,500</b>
<b>Nonappropriated Trust Funds:</b>			
Income—Gift and Other			
Special Exhibits Gallery .....	307	1	—
Smithsonian Environmental Research Center—Gain on Sale .....	—	—	44
Smithsonian Tropical Research Institute—Research Facilities .....	—	—	66
Erection of Jacksonville Bandstand .....	—	—	174
Cooper-Hewitt Museum .....	175	31	163
American Art and Portrait Gallery Building .....	—	183	21
Quadrangle .....	2,115	1,650	14,574
Smithsonian Institution Building South Entrance .....	—	64	5
Bequest of Real Estate .....	—	225	—
Belmont Conference Center—Gain on Sale .....	—	—	1,405*
Horticulture Greenhouse .....	11	—	—
<b>Total Income</b> .....	<b>2,608</b>	<b>2,154</b>	<b>16,452</b>
<b>Transfers from Current Funds:</b>			
Chesapeake Bay Center .....	300	—	—
Tropical Research Institute .....	26	—	—
Museum Support Center .....	750	—	—*
National Museum of African Art .....	24	24	24
Quadrangle .....	1,340	1,040	2,040
East Garden .....	110	—	5
<b>Total Transfers</b> .....	<b>2,550</b>	<b>1,064</b>	<b>2,069</b>
<b>Total Funds Provided</b> .....	<b>\$20,987</b>	<b>\$12,962</b>	<b>\$65,021</b>

\*Total proceeds realized of \$1,993,000 of which \$1,750,000 was directed to construction of the Museum Support Center and \$207,000 was transferred to endowment funds.

discussed above, slightly over \$200,000 was transferred to endowment funds in support of the James E. Webb Fellowship Program. Poplar and Jefferson Islands, located in Chesapeake Bay, were sold, and the net proceeds of \$44,000 were earmarked for future needs of the Smithsonian Environmental Research Center. Finally, undeveloped lots on Mustang Island near Corpus Christi, Texas, held as endowment fund assets, were sold for \$12,000, which was added to the Dykes Endowment.

Other nonappropriated fund receipts included donations for the Cooper-Hewitt major renovation program; grant support for construction of research facilities at the Tropical Research Institute and for relocation of the Calder Stabile at the National Museum of American History, erecting in its place the Jacksonville Bandstand; and interest earned on unexpended fund balances. Transfers were made from unrestricted funds for mortgage payments on property occupied by the National Museum of African Art.

### *Endowment and Similar Funds*

The market value of Smithsonian Endowment Funds reached a new high of \$132,031,000 as of September 30, 1983, compared to \$90,231,000 the year before. As shown in Table 10, the majority of these funds, \$130,684,000, participates in the Pooled Consolidated Endowment Fund under supervised outside investment management; \$1 million is invested at the U.S. Treasury; and the remaining \$347,000 is held in miscellaneous securities and donated real estate. Of this total, 58 percent represents restricted endowment, with income available only for the purposes specified by the original donor. The remaining 42 percent is unrestricted, with income available for general purposes of the Institution; of the unrestricted endowment funds, however, several have been designated internally in support of specific programs, such as the Lindbergh Chair of Aerospace History, as noted in Table 13, which lists all Smithsonian endowments.

The Pooled Consolidated Endowment Fund is invested under the management of three professional advisory firms under the oversight of the Investment Policy Committee and the Treasurer and

TABLE 10. *Endowment and Similar Funds September 30, 1983*

	<i>Book value</i>	<i>Market value</i>
<b>ASSETS</b>		
Pooled Consolidated Endowment Funds:		
Cash and Equivalents .....	\$ 21,985,793	\$ 21,985,794
Bonds .....	1,561,583	1,752,996
Convertible Bonds .....	4,915,625	5,339,400
Stocks .....	73,208,858	101,605,458
Total Pooled Funds .....	<u>101,671,859</u>	<u>130,683,648</u>
Nonpooled Endowment Funds:		
Loan to U.S. Treasury in Perpetuity .....	1,000,000	1,000,000
Notes Receivable .....	88,108	88,109
Bonds .....	10,000	9,800
Common Stocks .....	1,999	12,000
Land .....	237,000	237,000
Total Nonpooled Funds .....	<u>1,337,107</u>	<u>1,346,909</u>
Total Endowment and Similar Fund Balances ..	<u>\$103,008,966</u>	<u>\$132,030,557</u>
<b>FUND BALANCES</b>		
Unrestricted Purpose: True Endowment .....		
Quasi Endowment .....	\$ 3,551,279	\$ 5,107,974
Quasi Endowment .....	41,627,665	50,762,039
Total Unrestricted Purpose .....	<u>45,178,944</u>	<u>55,870,013</u>
Restricted Purpose: True Endowment .....		
Quasi Endowment .....	42,970,281	57,119,995
Quasi Endowment .....	14,859,741	19,040,549
Total Restricted Purpose .....	<u>57,830,022</u>	<u>76,160,544</u>
Total Endowment and Similar Fund Balances ..	<u>\$103,008,966</u>	<u>\$132,030,557</u>

subject to policy guidelines approved by the Board of Regents. As of the end of fiscal year 1983, these firms, with the portion of the fund under their supervision, were Fiduciary Trust Company of New York (48 percent), Batterymarch Financial Management Corp. (31 percent), and Torray Clark & Company (21 percent). During fiscal year 1983 the total rate of return for the fund, as determined by an outside investment measurement service, was + 48.0 percent (including interest and dividend income as well as market appreciation) compared to + 44.3 percent for the Standard and Poor's 500 average and + 43.8 percent for the Dow Jones Industrial Average, both calculated on the same basis. Over the past five-year period, the fund has had an average annual total

TABLE 11. Market Values of Pooled Consolidated Endowment Funds  
(In \$1,000s)

Fund	9/30/79	9/30/80	9/30/81	9/30/82	9/30/83
Unrestricted .....	\$22,614	\$28,384	\$30,399	\$35,974	\$ 54,677
Freer .....	18,303	20,771	20,472	22,596	32,096
Other Restricted .....	24,639	28,175	27,101	30,288	43,911
Total .....	<u>\$65,556</u>	<u>\$77,330</u>	<u>\$77,972</u>	<u>\$88,858</u>	<u>\$130,684</u>

TABLE 12. Changes in Pooled Consolidated Endowment Funds  
for Fiscal Year 1983  
(In \$1,000s)

Fund	Market value 9/30/82	Gifts and transfers	Interest and dividends*	Income paid out	Sub-total	Market value 9/30/83	Market appreciation
Unrestricted .....	\$35,974	\$ 3,284	\$ 2,123	\$ 1,244	\$40,137	\$14,540	\$ 54,677
Freer .....	22,596	—	1,329	952	22,973	9,123	32,096
Other Restricted .....	30,288	750	1,805	1,295	31,548	12,363	43,911
Total .....	<u>\$88,858</u>	<u>\$ 4,034</u>	<u>\$ 5,257</u>	<u>\$ 3,491</u>	<u>\$94,658</u>	<u>\$36,026</u>	<u>\$130,684</u>

\*Income earned, less managers' fees of \$444,656.

rate of return, including yield, of + 19.0 percent, compared again to + 16.0 percent for the Standard and Poor's 500 average and + 13.5 percent for the Dow Jones Industrial Average. The year-end market values of the components of the fund for the past five years are shown in Table 11, and the activity of the fund during fiscal year 1983 is presented in Table 12.

As described in prior years, the Institution follows the Total Return Income policy, which defines total investment return as yield (interest and dividends) plus appreciation, including both realized and unrealized gains. A portion of this return is made available for expenditure each year, and the remainder is retained as principal. This total return income payout is determined in

TABLE 13. Endowment Funds September 30, 1983

	Principal		Income	
	Book value	Market value	Net income	Unexpended balance
<b>UNRESTRICTED PURPOSE—TRUE:</b>				
Avery Fund* .....	\$ 116,690	\$ 173,188	\$ 4,612	\$ —0—
Higbee, Harry, Memorial .....	33,645	50,634	1,201	—0—
Hodgkins Fund* .....	211,919	243,339	9,950	—0—
Morrow, Dwight W. ....	200,581	311,467	7,385	—0—
Mussinan, Alfred .....	64,255	91,086	2,160	—0—
Olmsted, Helen A. ....	2,116	3,179	75	—0—
Poore, Lucy T. and George W.* ...	451,366	691,199	17,350	—0—
Porter, Henry Kirke, Memorial ...	742,011	1,150,134	27,270	—0—
Sanford, George H.* .....	3,429	4,694	151	—0—
Smithson, James* .....	552,286	552,852	32,619	—0—
Walcott, Charles D. and Mary Vaux, Research (Designated)* ...	1,172,981	1,836,202	54,539	27,366
Subtotal .....	<u>3,551,279</u>	<u>5,107,974</u>	<u>157,312</u>	<u>27,366</u>
<b>UNRESTRICTED PURPOSE—QUASI:</b>				
Forrest, Robert Lee .....	3,099,611	3,466,031	82,182	—0—
General Endowment* .....	34,548,491	42,680,537	952,272	—0—
Goddard, Robert H. ....	24,527	27,449	651	—0—
Habel, Dr. S.* .....	510	511	30	—0—
Hart, Gustavus E. ....	1,520	2,053	49	—0—
Henry, Caroline .....	3,765	5,066	120	—0—
Henry, Joseph and Harriet A. ....	151,631	202,631	4,805	—0—
Heys, Maude C. ....	296,609	337,263	7,996	—0—
Hinton, Carrie Susan .....	78,199	98,660	2,338	—0—
Lambert, Paula C. ....	140,253	181,005	4,291	—0—
Medinus, Grace L. ....	2,934	3,355	80	—0—
Rhees, William Jones* .....	2,068	2,566	82	—0—
Safford, Clara Louise .....	134,902	157,533	3,735	—0—
Smithsonian Bequest Fund* .....	620,053	692,720	15,314	—0—
Taggart, Ganson .....	1,260	1,919	45	—0—
Abbott, William L. (Designated) ..	362,407	484,710	14,384	1,381
Barstow, Frederic D. (Designated) ..	3,035	4,051	120	4,315
Lindbergh Chair of Aerospace History (Designated) .....	1,425,906	1,678,764	49,817	51,119
Lindbergh, Charles A. (Designated) .....	10,628	13,771	1,288	6,791
Lyon, Marcus Ward, Jr. (Designated) .....	12,356	14,444	429	1,927
Webb, James E., Fellowship .....	707,000	707,000	—0—	—0—
Subtotal .....	<u>41,627,665</u>	<u>50,762,039</u>	<u>1,140,028</u>	<u>65,533</u>
Total Unrestricted Purpose .....	<u>\$ 45,178,944</u>	<u>\$ 55,870,013</u>	<u>\$ 1,297,340</u>	<u>\$ 92,899</u>
<b>RESTRICTED PURPOSE—TRUE:</b>				
Arthur, James .....	\$ 101,824	\$ 158,762	\$ 4,711	\$ 3,426
Baird, Spencer Fullerton .....	92,519	141,916	4,211	10,593
Barney, Alice Pike, Memorial .....	73,003	113,770	3,376	23,270
Batchelor, Emma E. ....	96,569	117,682	3,492	51,145
Beauregard, Catherine, Memorial ..	119,021	158,983	4,718	33,202
Bergen, Charlotte V. ....	10,710	11,750	232	232
Brown, Roland W. ....	79,908	109,111	3,238	14,889
Canfield, Frederick A. ....	102,653	174,919	5,191	(14)
Casey, Thomas Lincoln .....	38,117	50,970	1,513	1,852
Chamberlain, Frances Lea .....	71,678	111,707	3,315	15,119
Cooper Fund for Paleobiology .....	73,366	83,617	1,540	—0—
Division of Mammals Curators Fund .....	5,503	7,040	204	3,445
Drake Foundation .....	490,369	614,699	18,163	74,152
Dykes, Charles, Bequest .....	143,298	187,440	5,285	39,223
Eickemeyer, Florence Brevoort .....	27,664	43,101	1,279	17,649
Freer, Charles L. ....	24,068,665	32,095,587	952,428	856,432
Grimm, Sergei N. ....	89,739	100,558	2,977	7,139
Guggenheim, Daniel and Florence .....	347,300	410,668	12,159	34,849
Hamilton, James* .....	3,603	4,272	202	954
Henderson, Edward P. Meteorite Fund .....	980	1,412	42	353
Hewitt, Eleanor G., Repair Fund .....	20,728	25,819	764	—0—
Hewitt, Sarah Cooper .....	122,594	152,401	4,512	—0—
Hillyer, Virgil .....	19,987	26,729	793	9,340
Hitchcock, Albert S. ....	4,040	6,360	189	306
Hodgkins Fund* .....	102,008	102,114	6,031	23,510
Hrdlicka, Ales and Marie .....	144,741	197,652	5,865	6,668

TABLE 13. Endowment Funds September 30, 1983—continued

	Principal		Income	
	Book value	Market value	Net income	Unexpended balance
Hughes, Bruce .....	48,741	76,018	2,256	16,280
Johnson, Seward, Trust Fund for Oceanography .....	9,949,994	13,349,030	396,141	100,686
Kellogg, Remington, Memorial .....	71,514	82,331	2,443	6,307
Kramar, Nada .....	8,046	10,391	308	2,406
Lindsey, Jessie H.* .....	12,033	12,421	928	6,450
Maxwell, Mary E. .....	49,944	77,888	2,311	18,897
Milliken, H. Oothout, Memorial .....	611	759	22	—0—
Mineral Endowment .....	277,218	349,795	10,380	177
Mitchell, William A. .....	37,744	47,852	1,420	2,641
Natural History and Conservation .....	62,894	77,125	2,178	—0—
Nelson, Edward William .....	59,163	88,201	2,617	2,769
Petrocelli, Joseph, Memorial .....	18,900	29,543	877	21,810
Reid, Addison T.* .....	65,295	83,515	2,808	2,974
Roebling Fund .....	306,831	476,457	14,139	10
Rollins, Miriam and William .....	585,988	824,219	24,250	16,853
Shryock Endowment for Docents .....	1,897	2,280	68	226
Sims, George W. .....	39,274	43,525	1,018	1,267
Sprague Fund .....	3,928,297	4,928,553	145,008	35,725
Springer, Frank .....	45,913	71,098	2,110	28,669
Stern, Harold P., Memorial .....	403,563	510,070	15,135	39,492
Stevenson, John A., Mycological Library .....	14,618	19,424	576	1,670
Walcott, Charles D. and Mary Vaux, Research .....	376,703	517,280	15,195	26,791
Walcott Research Fund, Botanical Publications .....	145,432	221,287	6,568	15,191
Williston, Samuel Wendell, Diptera Research .....	6,671	8,156	223	898
Zerbee, Frances Brinckle .....	2,410	3,738	111	3,991
<b>Subtotal</b> .....	<b>42,970,281</b>	<b>57,119,995</b>	<b>1,695,520</b>	<b>1,579,914</b>
<b>RESTRICTED PURPOSE—QUASI:</b>				
Armstrong, Edwin James .....	8,860	10,931	319	—0—
Au Panier Fleuri .....	58,628	65,788	1,952	—0—
Bacon, Virginia Purdy .....	266,654	330,193	9,798	19,720
Becker, George F. .....	459,199	571,502	16,959	4,934
Desautels, Paul E. .....	31,658	42,144	1,229	—0—
Gaver, Gordon .....	3,591	4,647	138	2,013
Hachenberg, George P. and Caroline .....	12,507	17,372	516	564
Hanson, Martin Gustav and Caroline R. .....	27,028	36,130	1,072	2,803
Hunterdon Endowment .....	9,045,155	11,871,976	350,498	3,068
International Council for Bird Preservation .....	573,869	663,760	17,624	26,432
Johnson, E. R. Fenimore .....	22,988	26,751	794	12,670
Loeb, Morris .....	266,395	358,331	10,633	9,289
Long, Annette E. and Edith C. .....	1,396	2,213	66	219
Myer, Catherine Walden .....	61,430	82,124	2,437	11,630
Noyes, Frank B. .....	3,001	4,139	123	1,940
Noyes, Pauline Riggs .....	27,608	31,001	920	—0—
Pell, Cornelia Livingston .....	22,602	30,318	900	1,545
Ramsey, Adm. and Mrs. Dewitt Clinton* .....	859,448	1,010,155	30,821	4,862
Rathbun, Richard, Memorial .....	32,410	43,440	1,289	23,298
Roebling Solar Research .....	73,302	93,397	2,772	2,463
Ruef, Bertha M. .....	89,632	104,249	3,094	11,312
Schultz, Leonard P. .....	23,563	31,424	932	15,845
Seidell, Atherton .....	1,822,299	2,257,901	67,003	241,598
Smithsonian Agency Account .....	643,957	786,074	22,629	—0—
Strong, Julia D. .....	30,461	40,820	1,211	4,722
Witherspoon, Thomas A., Memorial .....	392,100	523,769	15,543	10,028
<b>Subtotal</b> .....	<b>14,859,741</b>	<b>19,040,549</b>	<b>561,272</b>	<b>410,955</b>
<b>Total Restricted Purpose</b> .....	<b>\$ 57,830,022</b>	<b>\$ 76,160,544</b>	<b>\$2,256,792</b>	<b>\$1,990,869</b>
<b>TOTAL ENDOWMENT FUNDS</b> .....	<b>\$103,008,966</b>	<b>\$132,030,557</b>	<b>\$3,554,132**</b>	<b>\$2,083,768</b>

\*Invested all or in part in U.S. Treasury or other nonpooled investments.

\*\*Total Return Income payout; does not include \$177,691 of interest income for investment of unexpended income balances.

advance each year by the Board of Regents, based on studies of anticipated interest and dividend yields, the Institution's programmatic needs, inflationary factors, and the five-year running average of market values, adjusted for capital additions or withdrawals. The income payout rate for fiscal year 1983 to restricted purpose and designated endowments in the Pooled Consolidated Endowment Fund constituted a 5 percent increase over the prior year, while the payout to unrestricted endowments was held to a constant rate; this permitted a somewhat greater reinvestment to unrestricted endowments. As may be seen in Table 12, income payout for the year was \$3,491,000, compared to \$5,257,000 of yield (net of managerial and custodial fees), resulting in reinvestment into principal of \$1,766,000 of yield excess to predetermined payout. In addition to transfers to Unrestricted Endowment and to the newly created James E. Webb Fellowship Endowment, described elsewhere, gifts and other transfers to the Pooled Consolidated Fund totaled \$827,000 for the year.

Table 13 lists all Smithsonian endowment funds. Detail of the securities held in the Pooled Consolidated Endowment Fund as of September 30, 1983, may be obtained upon request from the Treasurer of the Institution.

### *Related Organizations*

The Woodrow Wilson International Center for Scholars, the National Gallery of Art, and the John F. Kennedy Center for the Performing Arts were established by Congress within the Institution, but are administered by separate boards of trustees. Independent financial reports are prepared by each of these organizations. Fiscal and other administrative and support activities are provided the Woodrow Wilson International Center for Scholars on a reimbursement basis, and office space is made available for Center operations.

The Friends of the National Zoo (FONZ) is an independent, nonprofit corporation working closely with the National Zoological Park. It operates, under contract, a number of beneficial concessions for the National Zoo; FONZ provided concession and rental

fees to the Smithsonian amounting to approximately \$276,000 during calendar year 1982 (FONZ's fiscal year). In addition, FONZ contributed other important financial and volunteer support to Zoo programs. Financial affairs of this organization are described separately elsewhere in *Smithsonian Year 1983*.

Reading is Fundamental, Inc., associated with the Institution since 1968, is an independent, separately incorporated entity dedicated to the improvement of reading abilities in children. Primary support is derived from private contributions and a federal contract with the Department of Education to operate the federal Inexpensive Book Distribution Program.

The Science Information Exchange, Inc. ceased operation on October 31, 1981. Under a contract with the Department of Commerce, the Institution has continued to provide the exchange with administrative and fiscal services necessary to closing out the operation, transferring the assets to the Department of Commerce, and paying the outstanding net liabilities. Effective September 1983, the closeout of all operations was concluded.

### *Accounting and Auditing*

An annual audit of the Institution's funds, federal and nonappropriated, is conducted by an independent public accounting firm; the Coopers and Lybrand report for fiscal year 1983 is contained in the following pages. Audits by the internal audit staff are also conducted throughout the year on a number of Smithsonian activities. Additionally, the Defense Contract Audit Agency conducts an annual audit of grants and contracts received from federal agencies, as well as their allocated administrative costs.

The Audit and Review Committee of the Board of Regents met several times during the year pursuant to their responsibility under the bylaws of the Institution, for reviewing the Smithsonian's accounting systems and internal financial controls; for facilitating communication between the Board of Regents and auditors from the internal audit staff, the independent accounting firm, and the General Accounting Office; and for reviewing operations of the Institution for compliance with approved programs and policies.

COOPERS & LYBRAND  
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Regents  
Smithsonian Institution

We have examined the statement of financial condition of the Smithsonian Institution as of September 30, 1983, and the related statement of financial activity for the year then ended. Our examination was made in accordance with generally accepted auditing standards and with generally accepted governmental auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the financial statements of the Smithsonian Institution for the year ended September 30, 1982, totals of which are included in the accompanying financial statements for comparative purposes only.

In our opinion, the financial statements for the year ended September 30, 1983, referred to above, present fairly the financial position of the Smithsonian Institution as of September 30, 1983, and the results of its operations and changes in its fund balances for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

COOPERS & LYBRAND  
1800 M Street, N.W.  
Washington, D.C. 20036  
December 20, 1983

**SMITHSONIAN INSTITUTION**  
**Statement of Financial Condition**  
**September 30, 1983**

**with comparative totals for September 30, 1982**  
**(thousands of dollars)**

	<i>Trust funds</i>	<i>Federal funds</i>	<i>Totals, all funds</i>	<i>Totals, 1982</i>
<b>ASSETS:</b>				
Cash on hand and in banks (Note 3) ....	\$ 1,952	\$ 19	\$ 1,971	\$ 2,678
Fund balances with U.S. Treasury (Note 4) ....	525	73,335	73,860	38,487
Investments (Notes 1 and 5) ....	144,518	—	144,518	109,551
Receivables (Note 7) ....	36,357	421	36,778	21,802
Advance payments (Note 8) ....	421	13,069	13,490	7,072
Merchandise inventory (Note 1) ....	8,459	—	8,459	9,902
Materials and supplies inventory (Note 1) ....	2,178	1,321	3,499	2,653
Amount to be provided for accrued annual leave ....	—	6,690	6,690	6,163
Prepaid and deferred expense (Note 1) ...	9,668	—	9,668	8,771
Property and equipment (Notes 1 and 9) ...	17,307	180,209	197,516	198,047
	<b><u>\$221,385</u></b>	<b><u>\$275,064</u></b>	<b><u>\$496,449</u></b>	<b><u>\$405,126</u></b>
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses, including interfund payable of \$17,261 (Note 7) ....	\$ 27,209	\$ 11,887	\$ 39,096	\$ 25,739
Deposits held in custody for other organizations (Note 2) ....	2,151	36	2,187	2,300
Accrued annual leave (Note 1) ....	1,149	6,690	7,839	6,994
Deferred revenue (Note 1) ....	22,015	—	22,015	20,061
Total liabilities ....	<b><u>52,524</u></b>	<b><u>18,613</u></b>	<b><u>71,137</u></b>	<b><u>55,094</u></b>
<b>UNDELIVERED ORDERS</b> ....	<b><u>—</u></b>	<b><u>56,778</u></b>	<b><u>56,778</u></b>	<b><u>30,929</u></b>
<b>FUND BALANCES (Note 1):</b>				
Current:				
Unrestricted general purpose ....	5,076	—	5,076	5,048
Special purpose ....	13,863	—	13,863	13,003
Restricted ....	7,671	—	7,671	5,906
Endowment and similar funds (Note 6) ..	103,009	—	103,009	84,248
Plant funds (Note 9) ....	39,242	—	39,242	24,287
Total trust fund balances ....	<b><u>168,861</u></b>	<b><u>—</u></b>	<b><u>168,861</u></b>	<b><u>132,492</u></b>
Operating funds ....	—	75	75	202
Construction funds ....	—	18,068	18,068	5,657
Capital funds ....	—	181,530	181,530	180,752
Total federal fund balances ....	<b><u>—</u></b>	<b><u>199,673</u></b>	<b><u>199,673</u></b>	<b><u>186,611</u></b>
Total all fund balances ....	<b><u>168,861</u></b>	<b><u>199,673</u></b>	<b><u>368,534</u></b>	<b><u>319,103</u></b>
Total liabilities, undelivered orders and fund balances ....	<b><u>\$221,385</u></b>	<b><u>\$275,064</u></b>	<b><u>\$496,449</u></b>	<b><u>\$405,126</u></b>

The accompanying notes are an integral part of the financial statements.

**SMITHSONIAN INSTITUTION**  
**Statement of Financial Activity**  
**year ended September 30, 1983**  
**with comparative totals for the year ended September 30, 1982**  
**(thousands of dollars)**

	<b>TRUST FUNDS</b>			
	<i>Total trust funds</i>	<i>Current funds</i>	<i>Endowment and similar funds</i>	<i>Plant funds</i>
<b>Revenue and other additions:</b>				
Appropriations .....	\$ —	\$ —	\$ —	\$ —
Auxiliary activities revenue .....	101,957	101,957	—	—
Federal grants and contracts .....	13,125	13,125	—	—
Investment income (net of \$445,000 for management and custodian fees) .....	9,293	7,931	—	1,362
Net gain on sale of securities and real property .....	14,451	—	13,002	1,449
Gifts, bequests and foundation grants .....	21,456	7,770	45	13,641
Additions to plant (Note 9) .....	2,880	—	—	2,880
Rentals, fees, commissions and other .....	2,301	2,301	—	—
<b>Total revenue and other additions .....</b>	<b>165,463</b>	<b>133,084</b>	<b>13,047</b>	<b>19,332</b>
<b>Expenditures and other deductions:</b>				
Research and educational expenditures .....	26,082	26,082	—	—
Administrative expenditures .....	10,344	10,344	—	—
Facilities services expenditures .....	1,297	1,297	—	—
Auxiliary activities expenditures .....	85,133	85,133	—	—
Acquisition of plant (Note 9) .....	2,873	—	—	2,873
Property use and retirements (Note 9) .....	3,341	—	—	3,341
Retirement of indebtedness .....	7	—	—	7
Interest on indebtedness .....	17	—	—	17
<b>Total expenditures and other deductions .....</b>	<b>129,094</b>	<b>122,856</b>	<b>—</b>	<b>6,238</b>
Excess of revenue and other additions over (under) expenditures and other deductions (Note 11) .....	36,369	10,228	13,047	13,094
<b>Transfers among funds—additions (deductions):</b>				
Mandatory principal and interest on notes ..	—	(24)	—	24
Nonmandatory for designated purposes, net (Note 12) .....	—	(7,551)	5,714	1,837
<b>Total transfers among funds .....</b>	<b>—</b>	<b>(7,575)</b>	<b>5,714</b>	<b>1,861</b>
Net increase (decrease) for the year .....	36,369	2,653	18,761	14,955
Returned to U.S. Treasury .....	—	—	—	—
Fund balances at beginning of year .....	132,492	23,957	84,248	24,287
Fund balances at end of year .....	<b>\$ 168,861</b>	<b>\$ 26,610</b>	<b>\$103,009</b>	<b>\$ 39,242</b>

The accompanying notes are an integral part of the financial statements.

**FEDERAL FUNDS**

Total federal funds	Operating funds	Construction funds	Capital funds	Totals, all funds	Totals, 1982
\$195,756	\$149,256	\$ 46,500	\$ —	\$195,756	\$145,234
—	—	—	—	101,957	95,593
—	—	—	—	13,125	13,217
—	—	—	—	9,293	9,635
—	—	—	—	14,451	3,884
—	—	—	—	21,456	6,205
17,877	—	—	17,877	20,757	32,896
85	85	—	—	2,386	2,494
<u>213,718</u>	<u>149,341</u>	<u>46,500</u>	<u>17,877</u>	<u>379,181</u>	<u>309,158</u>
95,916	95,916	—	—	121,998	111,461
11,139	11,139	—	—	21,483	18,471
42,351	42,351	—	—	43,648	39,338
—	—	—	—	85,133	85,153
34,089	—	34,089	—	36,962	14,959
17,099	—	—	17,099	20,440	13,479
—	—	—	—	7	6
—	—	—	—	17	18
<u>200,594</u>	<u>149,406</u>	<u>34,089</u>	<u>17,099</u>	<u>329,688</u>	<u>282,885</u>
<u>13,124</u>	<u>(65)</u>	<u>12,411</u>	<u>778</u>	<u>49,493</u>	<u>26,273</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
13,124	(65)	12,411	778	49,493	26,273
(62)	(62)	—	—	(62)	(125)
<u>186,611</u>	<u>202</u>	<u>5,657</u>	<u>180,752</u>	<u>319,103</u>	<u>292,955</u>
<u>\$199,673</u>	<u>\$ 75</u>	<u>\$ 18,068</u>	<u>\$181,530</u>	<u>\$368,534</u>	<u>\$319,103</u>

SMITHSONIAN INSTITUTION  
Notes to Financial Statements

*1. Summary of significant accounting policies*

*Basis of presentation.* These financial statements do not include the accounts of the National Gallery of Art, the John F. Kennedy Center for the Performing Arts, or the Woodrow Wilson International Center for Scholars, which were established by Congress within the Smithsonian Institution (Institution) but are administered under separate boards of trustees. (See Note 2.)

The accounts of the federal funds have been prepared on the obligation basis of accounting, which basis is in accordance with accounting principles prescribed by the Comptroller General of the United States as set forth in the Policy and Procedures Manual for Guidance of Federal Agencies. The obligation basis of accounting differs in some respects from generally accepted accounting principles. Under this basis of accounting, commitments of the operating fund, such as purchase orders and contracts, are recognized as expenditures, and the related obligations are reported on the balance sheet even though goods and services have not been received. Such commitments aggregate \$26,148,000 at September 30, 1983. In addition, construction commitments amounted to \$30,630,000 at September 30, 1983.

The trust funds reflect the receipt and expenditure of funds obtained from private sources, from federal grants and contracts, and from certain business activities related to the operations of the Institution. The federal funds reflect the receipt and expenditures of funds obtained from Congressional appropriations.

*Fund accounting.* To ensure observance of limitations and restrictions placed on the use of resources available to the Institution, the accounts of the Institution are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for funds control, accounting, and reporting purposes into funds established according to their appropriation, nature, and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities, and fund balances of the Institution are reported in self-balancing fund groups as follows:

*Trust current funds*, which include unrestricted resources, represent the portion of expendable funds that is available for support of Institution operations. Amounts restricted by the donor for specific purposes are segregated from other current funds.

*Trust endowment and similar funds* include funds that are subject to restrictions of gift instruments, requiring in perpetuity that the principal be invested and the income only be used. Also classified as endowment and similar funds are gifts which allow the expenditure of principal but only under certain specified conditions and quasi-endowment funds.

**Quasi-endowment funds** are funds established by the governing board for the same purposes as endowment funds; however, any portion of such funds may be expended. Restricted quasi-endowment funds represent gifts for restricted purposes where there is no stipulation that the principal be maintained in perpetuity or for a period of time, but the governing board has elected to invest the principal and expend only the income for the purpose stipulated by the donor.

**Trust plant funds** represent resources restricted for future plant acquisitions and funds expended for plant. Pledges for the construction of The Center for African, Near Eastern, and Asian Cultures are recorded as gifts in the plant fund in the period the pledge document is received.

**Federal operating funds** represent the portion of expendable funds that is available for support of Institution operations. Separate subfund groups are maintained for each appropriation—Salaries and Expenses appropriations, Special Foreign Currency appropriations, and Barro Colorado Island Trust Fund.

The balance of this fund represents amounts available for support of specific Institution operations including the Special Foreign Currency Program, Franklin Delano Roosevelt Appropriations, and Barro Colorado Island Trust Fund.

**Federal construction funds** represent the portion of expendable funds that is available for building and facility construction, restoration, renovation, and repair. Separate subfund groups are maintained for each appropriation—Construction and Improvements, National Zoological Park, Restoration and Renovation of Buildings and Museum Support Center.

**Federal capital funds** represent the amount of the investment of the United States Government in the net assets of the Institution acquired with federal funds and nonexpendable property transfers from Government agencies.

**Investments.** All gains and losses arising from the sale, collection, or other disposition of investments are accounted for in the fund in which the related assets are recorded. Income from investments is accounted for in a similar manner, except for income derived from investments of endowment and similar funds, which is accounted for in the fund to which it is restricted or, if unrestricted, as revenue in unrestricted current funds.

**Inventory.** Inventories are carried at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method, or retail cost method (for those inventories held for resale).

**Deferred revenue and expense.** Revenue from subscriptions to *Smithsonian* magazine is recorded as income over the period of the related subscription, which is one year. Costs related to obtaining subscriptions to *Smithsonian* magazine are charged against income over the period of the subscription.

The Institution recognizes revenue and charges expenses of other auxiliary activities during the period in which the activity is conducted.

**Works of art, living or other specimens.** The Institution acquires its collections, which include works of art, library books, photographic archives, objects and specimens, through purchase or by donation of the items themselves. In accordance with policies generally followed by museums, no value

is assigned to the collections on the statement of financial condition. Purchases for the collections are expensed currently.

*Property and equipment.* Capital improvements and equipment purchased with trust funds and utilized in income-producing activities are capitalized at cost and are depreciated on a straight-line basis over their estimated useful lives of three to 10 years. Equipment purchased with trust funds for use by non-income-producing activities is treated as a deduction of the current fund and a capitalized cost of the plant fund. Depreciation on equipment capitalized in the plant fund is recorded on a straight-line basis over the estimated useful life of 3 to 10 years (see Note 9). Equipment purchased with federal funds is recorded at cost and depreciated on a straight-line basis over a period of 10 years.

Real estate (land and buildings) purchased with trust funds is recorded at cost, to the extent that restricted or unrestricted funds were expended therefor, or appraised value at date of gift, except for gifts of certain islands in the Chesapeake Bay and the Carnegie Mansion, which have been recorded at nominal values. Costs of original building structures and major additions are depreciated over their estimated useful lives of 30 years. Costs of renovating, restoring and improving structures are depreciated over their estimated useful lives of 15 years (see Note 9).

Buildings and other structures, additions to buildings, and fixed equipment purchased with federal funds are recorded at cost and depreciated on a straight-line basis over a period of 30 years.

Certain lands occupied by the Smithsonian Institution's buildings were appropriated and reserved by the Congress for that purpose and are not reflected in the accompanying financial statements. Property and nonexpendable equipment acquired through transfer from Government agencies are capitalized at the transfer price or at estimated amounts taking into consideration their usefulness, condition, and market value.

*Government contracts.* The Institution has a number of contracts with the U.S. Government, which primarily provide for cost reimbursement to the Institution. Contract revenue is recognized when billable or received in the trust funds.

*Contributed services.* A substantial number of unpaid volunteers have made significant contributions of their time in the furtherance of the Institution's programs. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

*Annual leave unfunded.* The Institution's civil service employees earn annual leave in accordance with federal law and regulations. However, only the cost of leave taken as salaries is funded and recorded as an expense. The cost of unused annual leave at year-end is reflected in the accompanying financial statements as an asset and accrued liability in the federal funds.

## 2. Related activities

The Institution provides fiscal and administrative services to several separately incorporated organizations in which certain officials of the Institution serve on the governing boards. The amounts paid to the Institution by these organizations for the aforementioned services, together with rent for Institution

facilities occupied, etc. totaled approximately \$313,000 for the year ended September 30, 1983. The following summarizes the approximate expenditures of these organizations for the fiscal year ended September 30, 1983, as reflected in their individual financial statements and which are not included in the accompanying financial statements of the Institution:

	(\$000s)
Smithsonian Science Information Exchange .....	\$ 300
Reading Is Fundamental, Inc. .....	\$6,500
Woodrow Wilson International Center for Scholars—trust funds	\$3,800
Woodrow Wilson International Center for Scholars— federal appropriations .....	\$2,341

The Smithsonian Science Information Exchange ceased operations as of October 31, 1981. The U.S. Department of Commerce provided a grant to close down operations and to perfect an orderly liquidation. All activity stipulated under the grant was completed by September 1983.

### 3. *Cash on hand—federal funds*

This represents deposits in transit and the amount of imprest fund cash advanced by the U.S. Treasury to imprest fund cashiers for small purchasing purposes.

### 4. *Fund balances with U.S. Treasury*

The account represents fund balances on the books of the U.S. Treasury available for disbursement.

### 5. *Investments*

Investments are recorded at cost, if purchased, or estimated fair market value at date of acquisition, if acquired by gift. At September 30, 1983, investments are composed of the following:

	Carrying value (\$000s)	Market value (\$000s)
<b>Current funds:</b>		
Certificates of deposit .....	\$ 11,492	\$ 11,492
Commercial paper .....	3,411	3,405
U.S. Government and quasi-Government obligations	27,142	26,969
Common stock .....	16	11
Preferred stock .....	30	36
	<hr/> 42,091	<hr/> 41,913
<b>Endowment and similar funds:</b>		
Money market account .....	21,597	21,597
Deposit with U.S. Treasury .....	1,000	1,000
U.S. Government and quasi-Government obligations	1,572	1,763
Corporate bonds .....	4,916	5,339
Common stock .....	71,646	100,138
Preferred stock .....	1,565	1,480
	<hr/> 102,296	<hr/> 131,317

Plant funds:

U.S. Government and quasi-Government obligations	31	30
Common stock .....	100	—
	131	30
	<u>\$144,518</u>	<u>\$173,260</u>
	=====	=====

Effective October 1, 1982, the deposit with the U.S. Treasury has been invested in U.S. Government securities at a variable yield based on market interest rates. Substantially all the investments of the endowment and similar funds are pooled on a market value basis (consolidated fund) with each individual fund subscribing to or disposing of units on the basis of the value per unit at market value at the beginning of the month within which the transaction takes place. Of the total units, each having a market value of \$210.27, 291,970 units were owned by endowment, and 329,523 units were owned by quasi-endowment at September 30, 1983.

The following tabulation summarizes changes in relationships between cost and market values of the pooled investments:

	(\$000s)			Market value per unit
	Market	Cost	Net change	
End of year .....	\$130,684	\$101,672	\$ 29,012	\$210.27
Beginning of year .....	\$ 88,858	\$ 82,881	5,977	148.04
Increase in unrealized net gain for the year .....			23,035	—
Realized net gain for the year .....			12,990	—
Total realized and unrealized net gain for the year .....			\$ 36,025	\$ 62.23
	=====	=====	=====	=====

6. *Endowment and similar funds*

Endowment and similar funds at September 30, are summarized as follows:

	(\$000s)
Endowment funds, income available for:	
Restricted purposes .....	\$ 42,970
Unrestricted purposes .....	3,551
	46,521
Quasi-endowment funds, principal and income available for:	
Restricted purposes .....	14,860
Unrestricted purposes .....	41,628
	56,488
Total endowment and similar funds .....	\$103,009
	=====

The Institution utilizes the "total return" approach to investment management of endowment funds and quasi-endowment funds. Under this approach, the total investment return is considered to include realized and unrealized gains and losses in addition to interest and dividends. An amount equal to the difference between interest and dividends earned during the year and the amount computed under the total return formula is transferred to or from the current funds.

In applying this approach, it is the Institution's policy to provide, as being available for current expenditures, an amount taking into consideration such factors as, but not limited to: (1) 4½% of the five-year average of the market value of each fund (adjusted for gifts and transfers during this period), (2) current dividends and interest yield, (3) support needs for bureaus and scientists, and (4) inflationary factors as measured by the Consumer Price Index; however, where the market value of the assets of any endowment fund is less than 110% of the historic dollar value (value of gifts at date of donation), the amount provided is limited to only interest and dividends received. The total return factor for 1983 was \$6.24 per unit to the Restricted and Designated Purpose Endowment Funds and \$5.00 per unit to the Unrestricted General Purpose Endowment Funds; new units were purchased for the Unrestricted Endowment Funds with the \$1.24, the difference in the total return factor. The total return applied for 1983 was \$2,373,000 to the Restricted and Designated Purpose Endowment Funds and \$1,117,000 to the Unrestricted General Purpose Endowment Funds.

## 7. *Receivables*

Receivables at September 30, 1983 included the following:

	<u>(\$000s)</u>
<i>Trust funds</i>	
Accounts receivable, auxiliary activities; net of allowance for doubtful accounts of \$817,000 in 1983 .....	\$ 9,079
Interfund receivables due from current funds:	
Endowment and similar funds .....	388
Plant funds .....	16,873
Interest and dividends receivable .....	1,727
Unbilled costs and fees from grants and contracts .....	631
Pledges .....	7,553
Other .....	106
	<u>36,357</u>
<i>Federal funds</i>	
Service fees and charges .....	421
Total, all funds .....	<u>\$36,778</u>

## 8. *Advance payments*

Advance payments represent advances made to Government agencies, educational institutions, firms and individuals for services to be rendered or property or materials to be furnished.

As of September 30, 1983, the Institution has advances outstanding to the U.S. Government of approximately \$10,179,000, principally for construction services to be received in the future. The Institution at that date also had advances outstanding to educational institutions amounting to approximately \$2,068,000, principally under the Special Foreign Currency Program.

#### 9. *Property and equipment*

At September 30, 1983, property and equipment which has been capitalized (see Note 1) is comprised of the following:

	(\$000s)
<i>Current funds</i>	
Capital improvements .....	\$ 2,464
Equipment .....	2,368
Leasehold improvements .....	262
Less accumulated depreciation and amortization	<u>2,874</u>
	<u>2,220</u>
<i>Endowment and similar funds</i>	
Land .....	<u>237</u>
<i>Plant funds</i>	
Land and buildings .....	18,307
Equipment .....	2,134
Less accumulated depreciation .....	<u>5,591</u>
	<u>14,850</u>
Total, trust funds .....	<u>\$ 17,307</u>
<i>Capital funds</i>	
Property .....	249,007
Equipment .....	22,782
Less accumulated depreciation .....	<u>91,580</u>
	<u>180,209</u>
	<u><u>\$197,516</u></u>

Depreciation and amortization expense for 1983 for trust funds income-producing assets amounted to approximately \$1,436,000, which is included in auxiliary activities expenditures in the current funds. Effective October 1, 1982, the Institution capitalized non-income-producing equipment net of accumulated depreciation, as well as, recognized depreciation on buildings previously capitalized but not depreciated. The effect of this change was not material to these financial statements. Depreciation of trust funds non-income-producing equipment and buildings for 1983 amounted to approximately \$3,340,000.

Depreciation expense reflected in expenditures of the Capital Funds of 1983 was \$7,586,000.

The balance of the plant fund at September 30, 1983, includes \$24,555,000 of unexpended plant funds.

## 10. *Pension plan*

The Institution has separate retirement plans for trust and federal employees. Under the trust fund's plan, both the Institution and employees contribute stipulated percentages of salary which are used to purchase individual annuities, the rights to which are immediately vested with the employees. The cost of the plan for the year ended September 30, 1983, was \$3,037,000. It is the policy of the Institution to fund plan costs accrued currently. There are no unfunded prior service costs under the plan.

The federal employees of the Institution are covered by the Civil Service Retirement Program. Under this program, the Institution withholds from the gross pay of each federal employee and remits to the Civil Service Retirement and Disability Fund (Fund) the amounts specified by such program. The Institution contributes 7% of basic annual salary to the Fund. The cost of the plan for the year ended September 30, 1983, was approximately \$5,500,000.

## 11. *Excess of expenditures and other deductions*

The net excess of expenditures and other deductions over revenue and other additions disclosed for federal operating fund in the Statement of the Activity for the year ended September 30, 1983, arose because certain multiyear appropriations, having been recorded as income in prior years and carried forward as fund balance, were expended during the year.

## 12. *Nonmandatory transfers for designated purposes*

The following transfers among trust funds were made for the year ended September 30, 1983, in thousands of dollars:

	<i>Current funds</i>		<i>Endowment and similar funds</i>		<i>Plant funds</i>
	<i>Unrestricted</i>	<i>Restricted</i>			
Portion of investment yield appropriated (Note 5) .....	\$ (897)	\$ (889)	\$1,786	\$ —	
Plant acquisitions .....	(2,044)	—	—	—	2,044
Income added to endowment principal .....	—	(340)	340	—	
Appropriated as quasi-endowment	(3,084)	(297)	3,588	(207)	
<b>Total</b> .....	<b>\$ (6,025)</b>	<b>\$ (1,526)</b>	<b>\$5,714</b>	<b>\$1,837</b>	

## 13. *Income taxes*

The Institution is exempt from income taxation under the provisions of Section 501(c)(3) of the Internal Revenue Code. Organizations described in that section are taxable only on their unrelated business income, which was immaterial for the Institution for 1983.

It is the opinion of the Institution that it is also exempt from taxation as an instrumentality of the United States as defined in Section 501(c)(1) of the Code. Organizations described in that section are exempt from all income taxation. The Institution has not as yet formally sought such dual status.





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